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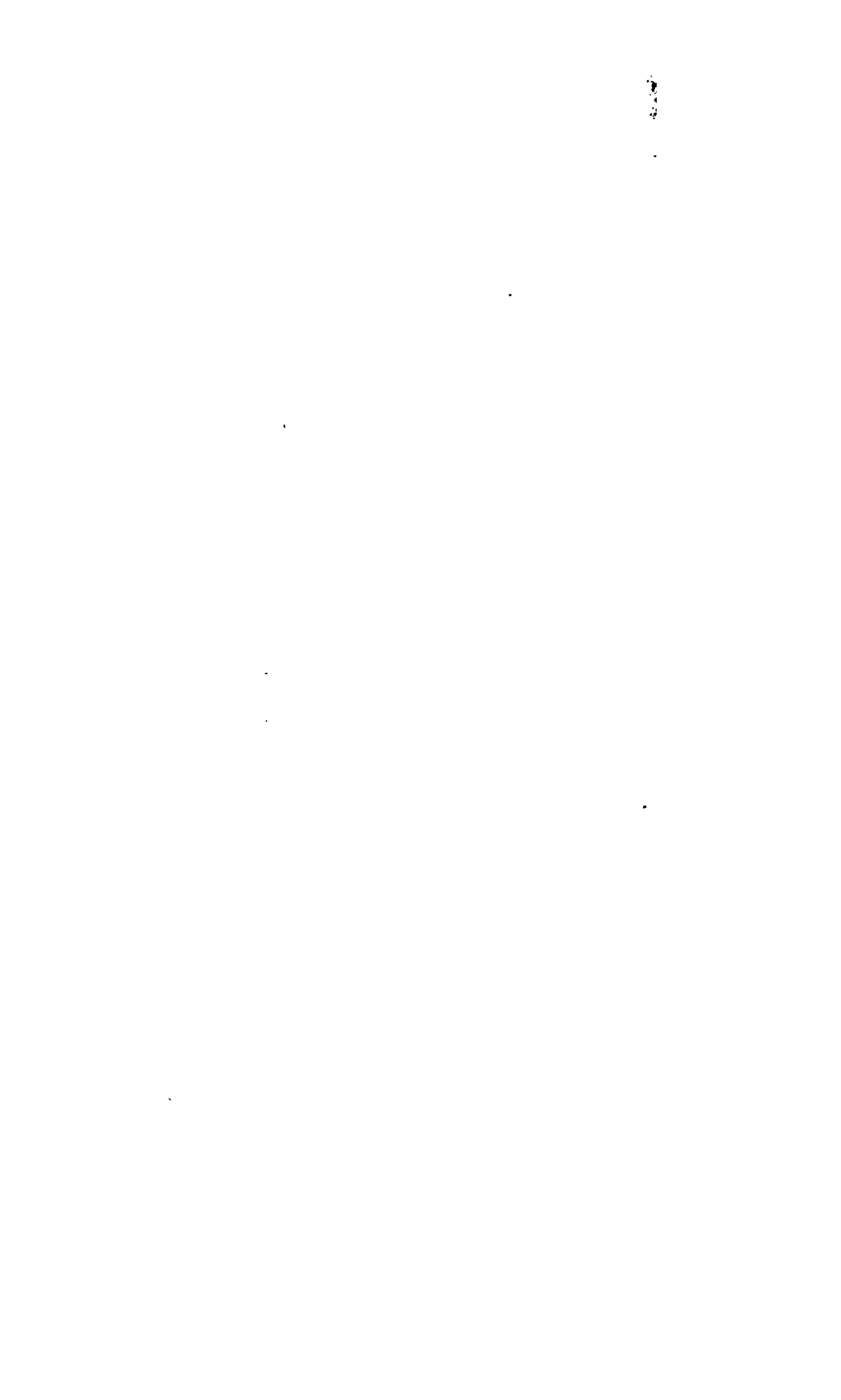
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*To Mr. S. Wolfe Esq  
from the author.*

ADDITIONAL REMARKS  
ON THE  
CURRENCY OF THE UNITED STATES.

BY PUBLIUS.

TOGETHER WITH THE  
PREVIOUS REMARKS  
ON THIS SUBJECT,  
BY THE SAME AUTHOR.

1840.

NEW-YORK:  
WILEY AND PUTNAM,  
161 Broadway.

1841.





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WILEY AND PUTNAM, 161 BROADWAY.

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*Sept 21, 1936*

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THE object of the author in his previous remarks on the currency was not only to endeavor to elicit truth, and establish facts, upon a very important subject of general interest ; but also to direct public attention to a consideration of the impolicy of existing measures, and of the only substitute deemed competent to remedy present evils and provide future security.

In furtherance of these views, Publius requested as a favor, from one well skilled in all the practical operations of our system of currency, although friendly to the administration, that he would state with frankness and freedom any objections he might entertain to the positions and to the reasonings of the author.

The following therefore, in the shape of marginal notes, are remarks on some of the reasonings and opinions of Publius, and for which he is alike indebted to the commentator for his trouble and his candor, although the author of the notes does not wish them to be considered as arguments against the general principles of the plan, or objections to the fundamental doctrines advocated in the pamphlet.

We have followed our replies to the marginal notes by a brief review of a speech delivered at the Merchants' Exchange in this city, by one of the Senators from this State, and certainly the most distinguished and able advocate of the policy of the present ruling party; believing that when we add to the remarks of a practical financier, the argument of the most skilful leader of the administration, we have embodied all that is likely to be urged, or that can well be advanced in favor of the Sub-Treasury system, and of the experimental policy.

## REPLIES TO MARGINAL NOTES.

### NOTES.

*At page 6.*

Is it certain they (the local banks) would have failed if there had not existed a predetermination that they should fail, followed up with determined efforts to effect this object?

*At pages 13 and 14.*

And is it not true that the efforts of the opposition were more injurious to the current

### REPLIES.

In what quarter existed the predetermination to make them fail? Was it the government, or the United States Bank, that entertained the wish? The power to do so could be found in no other quarter. The government would hardly have acted with premeditated hostility towards the objects of its own creation, into whose hands it had intrusted the public money, whom it had constituted its fiscal agents, and who were to furnish the country with the better currency. The United States Bank being now itself a local institution, was attending to its own concerns, *in its own way to be sure*, still it would have preferred, for its own interest, to have the other local banks as aids and coadjutors. Besides, it never had the means (even if it possessed the inclination) of causing the general failure of the local banks; for when the crisis of 1837 came, the United States Bank proved, by its own failure, at the same time, and from the same cause, that it was indeed but a local institution, and totally unable to resist or ward off the effects of a common calamity.

The conduct of the opposition is spoken of as it was thought to deserve—that however furnished no excuse for the administration.

cy than the *necessary* efforts of the administration? Because the people believed them to be the lesser evils—and is it not then evident that the Bank and its advocates were the authors of the greatest mischief?

At the same time it is difficult to perceive the bank and its advocates were the authors of the greatest mischief, or to understand their acts were more injurious to the country than the *necessary* efforts of the administration. The attack, in the message of 1829, on credit and banking system, was the first in kind, in point of time, and far the greatest in point of ultimate influence and effect: the conduct of the opposition was certainly politic, unwise and injurious, but the efforts of the administration, such as they were, were in no respect necessary, either in self-defence, or for national purposes. The party in power should have given the country a new bank, or have suggested, if they could, some better plan for furnishing a national currency; but they preferred the experiment of a local bank system, which failing, as a matter of course, they recommended the Sub-Treasury system, which has commenced its operation, and upon which the people are now sitting in judgment.

Page 9.  
In what article of the Constitution? (are the duties presented as regards the currency.)

The constitution confers upon Congress the power to regulate commerce with foreign nations, and among the several states—to coin money, regulate the value thereof and foreign coin, and to provide for the general welfare. It also provides that all duties, imposts and excises, shall be uniform throughout the United States; and lastly, invests Congress with authority to make all laws necessary and proper for carrying into execution the foregoing powers. It is admitted, I believe, on all hands that the idea of dealing in specie alone in the United States, would be absurd, were it not impossible. But, unless paid in specie, how can all duties and imposts be uniform in all the

states, if there be no uniform currency. The Sub-Treasury law, indeed, provides for the payment of all duties in specie, but it is perfectly certain that the paper currency in the respective states, (as is the case now, and has been heretofore, when the creation of a currency was left to them,) will differ in value, would it not then be alike inconvenient and injurious, as well as practically unjust, to require of the people to provide specie, at a greater or less expense, for duties to government, when the Constitution expressly enjoins on Congress the duty of providing for the general welfare, which duty would be palpably neglected in not providing a uniform currency? How shall we regulate commerce with foreign powers without a national currency? Or that among the several states, without a medium of exchange of uniform value? But of what use is the grant of power to establish a mint, coin money, and regulate its value, when the power to *create a currency* is left with each individual state of the Union? It is true the states have no power to make any thing but gold and silver a legal tender, but of what use is this restriction for general purposes, during a suspension of specie payments? Of what service is it now in Mississippi and Alabama, in Michigan or Florida? Is it not evident then, that in order to comply with the plain requisitions of the Constitution, we must have a national currency of uniform value, as compared with the standard of gold and silver; and does it not follow, that if a corporation called a bank, be necessary for this purpose, as the best means of obtaining the desired end, that the necessary power to establish it is conferred in the authority "to pass all laws necessary and proper for carrying into



execution the foregoing powers?" Is it not written then, "in adamant on the common sense of the nation," that a national currency is called for in the performance of the duties enjoined on Congress by the constitution: and that accordingly, if a national bank be the best means to accomplish the object,—that the right to establish a bank may almost be said to be expressly given?

*Page 20.*  
Not so—thereby meaning that our "gold law," giving increased value to gold, *did* result in benefit to us.

What was the object of the law? To make gold plenty in the United States? For a time, while credit was easily obtained, money plenty and prices high in England, the proceeds arising from the large sales of American securities were in part received here in gold. In what way did we benefit by this import? Our local banks feeling stronger could discount freely, and if the standard of money in England had not been raised (by making it more scarce,) ours would soon have become reduced to their level. But what was the effect in Great Britain? The Bank of England became alarmed at the loss of her gold, in which metal alone her notes are payable; when, considering our gold law as the remote cause of her difficulty, and the large sales of our securities as the immediate and operating cause of the export of gold, she immediately commenced curtailments; by which means to increase the value of money, reduce the price of commodities as well as stocks, and thus diminish the imports and increase the exports of the country.

Not only therefore did no benefit accrue to us by this import of gold, but a positive injury was sustained, as well in its effects upon our own money market, as from the restrictive measures adopted by the Bank of England.

Pages 21, 23, 24, 36.

If a national bank should not have guarded against, and prevented the cause (the crisis,) how could it protect us against the effects? Some of the local banks did curtail—a national bank perhaps could (not *would*) have prevented the evils. What evidence is there that it would? The late bank as then organized certainly would not. What circumstances caused its failing in 1839 but its own imbecility? And why would it have been otherwise if it had been a national bank? The same capital and the same management were there. Do you contend that there is *security* in a mere name?—that the same folly and mischievous policy would not produce the same results in both cases?

It does not necessarily follow, that because a national bank might not have guarded against or prevented the cause, it would not or could not protect us against the effects of a crisis.

All banks, to a certain extent, must be influenced by circumstances, and occasionally somewhat controlled, in their operation, by events. In case of extraordinary commercial speculations, a great revival and extension in the trade of the world, and a general belief, if not confidence, in the continuance of those exciting causes, a great demand for money will of course arise; and while prices are advancing, a greater quantity of money, or what will answer as a substitute for money, in the shape of credit, in order to represent the increased value that is continually augmenting, will necessarily be required. It would, in such case, be impossible for a national bank entirely to prevent this expansion, or the cause of future trouble. But the great extremes, of excessive and injurious expansion, and inconvenient as well as oppressive restrictions, would be always avoided; the undue extension and issues of state banks, would be checked before they had proceeded to too great a length; the consequent reaction would be reduced in degree, and limited in duration, by the relief that would be afforded in the application of the means that had been reserved; and hence, the evil results attending too great or too sudden a reaction, might be warded off by her prudence and strength; for she would husband her resources in order to prevent the worst evils resulting from too great a change in the value of money; and the bank would thus effectually aid in the restoration of credit and confidence. The difference between the local bank of Pennsylvania and a national bank is broad, distinct and

plain. In the first place, it seems self-evident that a bank cannot be made effective for national purposes, and the promotion of the public good, if it be dependant upon state legislation and amenable to subordinate jurisdiction. It must, as a matter of necessity, emanate from the national councils, and be subject only to the same authority. Whatever supervision it may be deemed proper to establish, or whatever conditions to impose; whatever duties it may be thought necessary to require, or whatever powers and privileges it may be considered advisable to grant, in order as well to secure the safety of the public funds, as to provide, in the establishment of a national currency, for the general welfare, Congress alone must have the right to confer, and the power to enforce.

The bank of Pennsylvania was without the support or co-operation of government. It had neither the receipt nor disbursement of the public monies. It possessed only a portion, perhaps a small portion of public confidence, and thus shorn of its strength, it had but a weak hold either on the respect or the attachment of the country. It exercised but little influence, and accomplished but little good by means of its branches, most of which were discontinued from necessity. It wanted, therefore, not only the magic of a name, but it was deprived as well of the means of rendering itself useful, as of most of the essential attributes of power. Being but a local institution, its rivals and equals, the other state banks, would neither look up to it with respect nor with confidence. They cared not for its example, while they defied its power. Under such circumstances it was prevented from doing good, even if its whole aim had been directed to promote the public weal. But it owed allegiance to the state that gave it

a corporate existence, and who expected it to contribute to its financial wants. Besides, it *must* endeavor to make money for its stockholders. It might therefore deal in exchanges for its own benefit, but could not be expected to regulate them for the public good which must either be a subordinate consideration, or be entirely overlooked. It was in fact nothing but an overgrown state bank, without one essential ingredient to constitute a national institution for national purposes, and without a single attribute in common with a national bank, except the name of its predecessor which it had improperly assumed.

*Page 26.*

I cannot think the public funds deposited with them (the banks of Mississippi) was the greatest cause of embarrassment. The public money had very little influence in producing the difficulties in the state.

One fact on this subject will furnish perhaps the best reply. One of the banks in Mississippi, (known by name,) received \$1,700,000 of the public monies in 1836. Early in 1837 the bank was directed by the Treasury to remit. When, of an amount of \$2,000,000 invested in commercial bills of exchange, upwards of \$1,800,000 was protested. Under a law of Congress, time was then allowed to some of the deposit banks. The same bank, wishing afterwards to invest for the same object of remitting, and being apprehensive of individual credit, bought checks of the banks of its own state, all of which were alike returned under protest.

*Page 45.*

And pray whose fault is it, (alluding to the states) that their credit is not now maintained, and let me ask what will be done when it shall be their fault again, some few years hence?

The administration were in fault. The local banks, stimulated to act by the direction of government, and aided by the public funds, caused money to be abundant. The states finding their stocks of ready sale (while all commodities as well as public securities were high in price,) considered it a favorable period to go on creating them, and a reference to the date of the re-

spective issues by the states will prove h  
 they followed, or rather kept pace with the  
 pansion of the currency under the local ba  
 system. When, therefore, from the want  
 necessary information or proper attention  
 the part of government to regulate and prot  
 the currency, the states are induced to go  
 largely in the issues of stocks, no aid, acco  
 ing to the argument, must be granted to the  
 lest they should commit the same error ag  
 some few years hence. But the general gove  
 ment cannot constitutionally lend its aid to  
 states for internal improvement, this at least,  
 among the dogmas of the day—yet the utili  
 indeed absolute necessity of these works, i  
 only for state purposes but for national objec  
 are admitted by all. Is it not a plain duty th  
 to aid the states at present when they requi  
 assistance, in return for the good they have  
 accomplished in aid of the general welfare, wh  
 ther the fear of their again requiring the sa  
 aid should prove well-founded or not? V  
 think they will *not* again require it, because  
 think the local bank system will not again  
 adopted; while under the broad Egis of a n  
 tional currency, freed from the errors and e  
 periments of the past, the appropriate mea  
 and resources of the states themselves w  
 prove adequate to their wants.

*Page 48.*

Its consequence, (al-  
 luding to the Sub-Trea-  
 sury system) will be to  
 limit confidence within  
 proper bounds—to limit  
 and protect the credit  
 system—and to secure  
 to industry its just re-  
 ward, and adds that  
 Publius permits his  
 prejudices or his ima-  
 gination to mislead his

We must take these anticipated benefits o  
 trust—we are without experience as a guid  
 and no particular reasons are given for th  
 confidence in its good effects. While the evi  
 arising from the omission of government t  
 adopt the expedient which experience has sanc  
 tioned have indeed been severely felt. But th  
 Sub-Treasury system will diminish import

judgment in his view of the effects he anticipates and of the conduct of the administration as regards the currency.

when of course there will be an increased demand for our own manufactures. Specie then, according to Mr. Calhoun's doctrine, will abound, and as the revenue will be moderate, the quantity of specie collected by government will be small. The banks then having little to fear from the receivers general, and well provided with specie themselves, will necessarily, in their laudable efforts to make money safely for their stockholders, discount freely, and make money plenty. Then come heavy imports in continuation of Mr. Calhoun's doctrine, and then follows the unavoidable re-action ; and in this way the Sub-Treasury system is to limit and protect the credit system ! And is this the mode in which credit is to be limited ? and is this the protection we require ???

The Sub-Treasury system must be one of three things. Either an absolute *humbug* as at present, using banks and bank notes the same as ever—or it must attempt to accomplish its professed object of receiving and disbursing nothing but specie—or it must call in the aid of Sub-Treasury drafts and certificates, and issue them on certain securities ; and thus constitute itself a National Bank of credit of the worst character. In either case, leaving the general currency of the country without any proper check or effectual control—without any constitutional supervision, or any appropriate or efficient remedy. I think, therefore, in all honesty and sincerity—and I repeat, calmly and dispassionately, that it is a system opposed to the general interests of the country ; and that it not only merits the severe and indignant rebuke of a free people, but is moreover an insult to the common sense of an intelligent community.

Pages 51, 52.

To liquidate and pay the enormous debt past due would be more efficient, and without that a bank would do but little without danger to itself. Yes a national bank would have maintained specie payments if it had been well managed, but if like the late Bank of the United States, it would have carried with it the banks of New-York also.

To render an efficient aid in paying off large debt past due, will be one of the natural effects of a national bank. It would immediately restore confidence, render much of what is now unproductive available, substitute its own credit when it could be done with safety to itself and advantage to the public, and thus furnish a medium in which the debtor could pay, and the creditor receive his debt. It is no more than reasonable to presume, there is at least a fair ground of hope, that a new national bank will be well managed. There is no instance to the contrary during the existence of the first bank, and the errors of the late bank were committed at the commencement and the close of its career. It went into operation too early—and was certainly badly managed from the outset. During 1818, began the character of a currency suited to the excitement and extravagance of war and high prices, a currency suited to a state of peace, regulated by the standard of specie. England having commenced the attempt of returning to the payment of her bank notes in gold. The United States Bank struggled on under her own difficulties and amid the troubles of the times, for nearly six years. From the beginning of 1823, the bank gradually pursued a different course amid more prosperous times, and was successfully employed in the discharge of its appropriate duties, until the period approached for the renewal of its charter; since which, the course of its proceeding and the history of its conduct are familiar to us all.

We now want a national currency, and for this purpose a national bank is imperiously required; and, if we are wise, such an institution will be established under the title of The National Bank of the United States.

SKETCH OF THE REMARKS OF THE HON. SILAS WRIGHT, JUN.  
*New-York Standard, 21st September, 1840.*

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The Senator commences by informing us that the only power delegated to Congress, in relation to currency, is the power to regulate coin. We have already explained our views on this point, which are opposed to this opinion as regards the restriction of the constitutional power of Congress. But even admitting the correctness of this opinion, the exercise of that very power, and which, according to this doctrine, is the only one Congress can exercise, would be rendered completely nugatory if the states possess, exclusively, the right to create a currency. For as, in all our past history, the state banks when left to themselves have caused the currency to become depreciated; and as it is a maxim, confirmed by all experience, that coin and a depreciated currency cannot circulate together, the more valuable medium giving place to that which is cheaper, it follows of necessity that, under such circumstances, and for all useful and national purposes, the constitutional power in question, thus limited, would become a complete dead letter. The Senator asks whether the states do not tenaciously adhere to the exclusive right to charter banks and deny the use of this power to the national Congress. We were not aware of this pretension to exclusive right on the part of the states; but we *do* know that the present Executive asked Congress for a bankrupt law against corporations; which would have transferred their means and assets to the federal courts, and placed the banks at the mercy of the administration. Did this look like an admission, by the Executive, of this exclusive state right? Would such a bankrupt law have tended to perpetuate state power in relation to currency? Or was it intended, as it was certainly well calculated, to place all power on this subject in the hands of the general government? The Senator inquires, "How (therefore) could a national bank make a commercial standard?" We an-



states, if there be no uniform currency. The Sub-Treasury law, indeed, provides for the payment of all duties in specie, but it is perfectly certain that the paper currency in the respective states, (as is the case now, and has been heretofore, when the creation of a currency was left to them,) will differ in value, would it not then be alike inconvenient and injurious, as well as practically unjust, to require of the people to provide specie, at a greater or less expense, for duties to government, when the Constitution expressly enjoins on Congress the duty of providing for the general welfare, which duty would be palpably neglected in not providing a uniform currency? How shall we regulate commerce with foreign powers without a national currency? Or that among the several states, without a medium of exchange of uniform value? But of what use is the grant of power to establish a mint, coin money, and regulate its value, when the power to create a currency is left with each individual state of the Union? It is true the states have no power to make any thing but gold and silver a legal tender, but of what use is this restriction for general purposes, during a suspension of specie payments? Of what service is it now in Mississippi and Alabama, in Michigan or Florida? Is it not evident then, that in order to comply with the plain requisitions of the Constitution, we must have a national currency of uniform value, as compared with the standard of gold and silver; and does it not follow, that if a corporation called a bank, be necessary for this purpose, as the best means of obtaining the desired end, that the necessary power to establish it is conferred in the authority "to pass all laws necessary and proper for carrying into

stitutional question, or to read to his audience, at this day, Mr. Jefferson's constitutional objections. But does the Senator forget the state in which the establishment of that bank found the country, the effects of its operation in aiding the fiscal concerns of government, and in advancing the general prosperity, and was he unwilling to refer to the altered condition of the country after the refusal, by the casting vote of the President of the Senate, to renew the charter? But he chooses to commence with the charter of the late bank in 1816, and asserts that a pressure on the money market was the consequence of its going into operation. We have already explained that the currency, at that period, was greatly inflated; and that a sound currency being established in its stead, the change from a depreciated medium to the specie standard must necessarily produce a pressure for a time. The errors in the administration of the bank, during the first years of its existence, admit of no palliation; while the premature commencement of its operations was particularly unfortunate for its future character and usefulness. During 1815, the first year of peace, the demand for foreign manufactures was very great, and the importation of that year was excessive, and far beyond the means of the country promptly to discharge. The United States Bank went into operation shortly after this period, and when the re-action, resulting from the pressure of this debt, began to be felt. The situation of the bank accordingly became more difficult, while the radical defect of the want of a solid foundation, together with bad management and losses of an injurious character, prevented the bank from recovering its strength, or assuming its proper position. The next period of trouble and difficulty to which the Senator refers is from 1819 to 1821. The Bank of England, after an intermission of a quarter of a century, had commenced the operation of preparing to pay her notes in gold. There was accordingly a new and a higher standard of value to be adopted there, which as a matter of necessity must affect us also. Our own produce

declined in value, goods that had been purchased at high prices could now be had at a greatly diminished cost, and a general scarcity of money was experienced: before therefore the adjustment of values, consequent upon this change, could take place, there must be a serious diminution of capital and great mercantile distress. The United States Bank, therefore, not sufficiently recovered from the effect of the causes already alluded to, now found itself surrounded by no ordinary embarrassments; still, although her ability to afford relief was no doubt seriously impaired, *the specie standard was preserved*. The Senator informs us that in 1825, "the currency underwent another fluctuation notwithstanding the existence of a great regulator." The speculative spirit of 1825, is not justly chargeable upon this country, it had its origin in England, and we were but followers in their path. The re-action there, however, after the fever subsided, was so great, that in February, 1826, as it was admitted in parliament, the Bank of England was saved from suspension only by accident. In the beginning of 1823, the management of the United States Bank underwent a change: and although time was required for obtaining that practical acquaintance with the commerce and exchanges of the country which experience alone can furnish, during the revulsion of 1825, which was by no means so severely felt in this country as in England, the United States Bank rendered a very efficient aid in relieving mercantile distress, affording assistance when it was required, and sustaining, by the application of its abundant means, the credit of the country; while from and after this period down to 1830, the currency of the United States, in all its details, and in all parts of the Union, presented a system as practically useful as could well be conceived, and as perfect perhaps as ever existed. The next periods in its history, and the next acts of its administration to which the animadversions of the Senator refer, are the expansion and contraction of the bank from 1830 to 1832, *when the question of its re-charter was before the country*.

To the conduct of the institution and that of its advocates from 1830 to 1834, it will be unnecessary for us again to allude. If the charter of a new national bank should leave with Congress the power of repeal, the bank would not be likely to appear in the arena of politics ; for if it had any favor to bestow, or political patronage to dispense, it would not be arrayed against, but be found in favor of the existing administration of the country. With this power on the part of Congress, the only inducement at all likely to present itself to interfere with the charter would be removed, while the most powerful motives would be furnished the bank to confine itself to the line of its duty, in the protection of the public interest.

Feeling the full force of the evils and troubles that seemed to us but too certain to follow the denunciation, against our system of credit and banking, that were fulminated in the message of 1829, and anticipating, at the same time, the difficulties which the bank itself might interpose in the way of the permanent settlement of the currency, that being the only question in which the nation was concerned, we were then, at that early period, in favor of chartering a new bank. The advice of the present Senator from Kentucky, when the charter of the late bank was under discussion in the house, he being then a member of that body, is too appropriate and salutary not to deserve being quoted. The representative from Kentucky had observed "that another consideration which induced him to oppose the removal of the old bank, was that he believed the corporation had abused its powers in one or two instances, and sought to subserve the views of a political party ;" and he adds, "It may be said, what security is there that the new bank will not imitate those examples of oppression, he answered, the fate of the old bank *warning all similar institutions to shun politics with which they ought not to have any concern.*" How far the counsellor himself may have forgotten, or the party for whose benefit it was intended, have refused to follow the advice, it is now useless to inquire ; we only think, that in all future times, a na-

tional bank will be as unwilling to attempt experiments of a similar nature, as we trust our leading politicians will be to deviate from advice of so valuable a character.

The Senator next proceeds to defend the conduct of the Executive in his recommendation of the Sub-Treasury, after the failure of the local bank system, and asks, "could the Executive recommend a return to the state bank system which had been tried and been found incompetent to the trust? Would he, after these banks had suspended specie payments, recommend them as safe depositories of your national treasures? The Senator replies, "No, he could not"—we repeat the same opinion, and we think, throughout the length and breadth of the land, the people, with one accord, will also reply—no, he could not.

The Sub-Treasury system, therefore, which was at first denounced as subversive of the principles of our government, General Jackson himself admitting that it was against the genius of our free institutions to lock up in vaults the treasures of the nation, *must* be resorted to, because, after his letter to Sherrod Williams, and in order to be consistent and constitutional, the President must of necessity be opposed to a national bank. The Executive may retire from office, and perhaps from the scene of political life, with these constitutional scruples; they will shortly be no longer a matter of national concern; although we cannot but be astonished at the pertinacity of this opinion, when we bear in mind that every one of his predecessors in office, since the establishment of our government, has either expressly acknowledged, or tacitly admitted the constitutionality of a national bank. We do not even except General Jackson. In his first message to Congress in 1829, he recommended a bank founded upon the credit and resources of government; and it is certainly no easy matter to conjecture how a bank of that description would be more free than any other from constitutional objections; and in the veto message, he says, "that a bank of the United States, competent to all the duties that may be required by the government, might be so organized as

not to infringe our own delegated powers or the reserved rights of the states, I do not doubt ; had the Executive been called on to furnish the project of such an institution, the duty would have been cheerfully performed." Why he did not do so in the line of his duty we are not informed. We, of course, can have no conception what kind of plan was alluded to, nor perhaps, to do him justice, had the President himself any precise idea of what he intended ; at the same time it is evident the Executive had a notion that something or other might have been been "got up" in the shape of a national bank.

The remaining topic for consideration, in the Senator's speech, is the independent treasury bill, of which he illustrates the use and value and probable effects.

We are informed that the only difference between this mode of keeping the public monies, and the former practice, is that they cannot be used for banking purposes : that they are kept by the sub-treasurers and not by the banks.

We are sorry to undeceive the Senator, but we wish, instead of commenting upon the provisions of the law, he had made himself acquainted with the practice under it. He would have found that the vaults of the bank still contain the treasures of the nation : and that the same "union of bank and state," which his own party first established, and then so furiously denounced, is still in force, and exists the same as ever. Not that we think the public money is therefore the less safe, but only that so far as we have seen its operation, we can perceive no necessity for the law—no use for the sub-treasurer. But let us suppose, as the Senator imagines, that the public treasures, consisting not of "the better currency," but of gold and silver, were really and truly deposited in the Sub-Treasury vaults. He says that if a proper ratio be observed between the revenue and expenses of the country, not more than five millions would be extracted from the banks under the law : but as the greater proportion of the revenue is paid at New-York, even that amount of specie locked up in vaults "against the genius of our institutions," might be

productive of inconvenience ; but if the smallness of the sum be adduced to prove that no injury could result to the banks who are to furnish the currency of the country, how, in such case, are we to secure that control over the state banks, to which the President expressly alludes as intended to be exercised by the Sub-Treasury system ?

The Senator, perceiving, no doubt, that the exact ratio between revenue and expenses was not very likely to be preserved, proceeds to examine the force of the objection that "the keeping the public money locked up, may be injurious to banks and merchants, by giving the government a dangerous control over the precious metals." We are accordingly advised, that the power over the amount to be thus accumulated in coin, which the Senator calls *the real capital*, is in the hands of the merchants and traders ; "that when importations are small, but little goes into the treasury, but when they are excessive, an accumulation in the public vaults must follow, when the result must be to *raise* trade when it is depressed, and to *depress* it when it has risen too high,"—and this is to be the great regulator of the trade and currency of the country, instead of a national bank. It may hardly be thought worth while to trace the probable effects of the Sub-Treasury law in its capacity of a great regulator, because we know not if it will ever be enforced according to its letter ; but it may be well, perhaps, for a moment, to reduce it to practice. During a year of moderate import and limited revenue, the banks will have nothing to fear ; at the same time trade being supposed to be depressed, it will be raised from its depression by the encouragement of the sub-treasurers, who will want money ; and the consequent facilities afforded by the banks, because *their* vaults, and not those of the sub-treasurers, will then contain specie in abundance.

After a year of heavy imports, and for which the state of things just detailed will have paved the way, the coffers of the sub-treasurers become filled.

Instead of serving as the basis of bank issues, in order to render assistance to trade, or becoming an article of ex-

port as the most prompt mode and cheapest way to pay our debts, the specie, thus locked up, is held ~~in~~ *terrorum* over the banks. Discounts accordingly are limited, commodities decline in value, wages fall, and all the evil consequences of a scarcity of money are produced, and this is called *depressing* trade, not because it has been unduly *raised*, for that, by no means follows as a natural result, but merely because, in consequence of the imports having been large, though not necessarily too large either for the wants or the means of the country, the vaults of the receivers general are overflowing with specie. This is the practical effect of the system, although we do not perceive how this will leave the power of accumulation, as ~~was~~ promised, in the hands of the merchants and traders!!!

But this regulator is intended to apply its wise and beneficent operation only to our imports; these, as the Senator is of course aware, are obtained in exchange for our surplus products above our wants, and form but a small part of our general consumption.

There are interests far greater in extent, there are capitals quite as real and substantial as those locked up in the treasurers' vaults, and equal in value to thousands of millions, which require a medium to represent them when exchanged and distributed throughout our extended Union. On these the vibrations and restrictions, the *raisings* and *depressings* of the new regulator would fall with aggravated severity, and their effect would be experienced throughout the land. The people would thus have feelings and interests distinct from the national administration. They would naturally rejoice in the poverty of their government, and look with horror and dismay upon an overflowing treasury.

A national bank would not thus discharge its appropriate duties as a regulator. It would proceed hand in hand with the treasury in the collection and distribution of the revenue—it would equalize the exchanges of the country, encourage and support the state banks when properly managed, prevent inordinate issues by returning them for



redemption, furnish a general currency of uniform value throughout the Union, and thus act in unison with the interests of the people and in harmony with the operations of government—and if the illusion should still prevail, that additional security would be obtained in having specie locked up in vaults; without contrasting the dangers of individual custody, and the risk of many hands with the perfect security, and increased responsibility of a national bank, we must again repeat, what must not be forgotten, that from the time of the establishment of the first national bank, down to the period when the second institution ceased to act as a national regulator, the specie standard was preserved to the country, and the public monies were collected and disbursed, whenever and wherever required, without inconvenience to general interests, and without the loss of a cent to the national treasury.

With our respect for the talents of the Senator, it was not without regret that we saw him, on this occasion, undertake the task of defending the financial measures and doctrines of the administration: we could have wished him, in all sincerity, both a better subject and a more willing auditory.

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But, it may be asked, of what service is it thus to demonstrate the errors of our rulers, and the impolicy of their acts, when the people have just expressed their opinion of the one, and decided the fate of the other? The people have indeed declared that the present administration is no longer worthy of confidence; but is there no reason to fear that a diversity of opinions, in regard to measures, among those who are to succeed as our rulers, may retard the settlement of questions upon which depend the permanent prosperity of our country? Is there no ground to apprehend that the security we are in search of, and the repose we require, may still longer be postponed?

In one quarter we hear it surmised that in order to avoid collisions, in cases where it may be impossible to reconcile conflicting opinions, the Sub-Treasury system

may have to be continued, at least for a time ; when, if no compromise can be effected, that system, with some improvements, must be suffered to remain : as if the experiment which the public voice had rejected with indignation should be tolerated, for one moment longer than absolute necessity required, by those who owe their success solely to the errors of our existing rulers on this very subject.

In another quarter an opinion is expressed that currency is a matter that will regulate itself ; which seems to be nearly akin to the idea, formerly entertained, that the inordinate creation of state banks, and their consequent over issues, was an evil that would correct itself ; it did indeed cure itself, in former times, as the country knows from sad experience ; the same cure for the same disease has been going on since 1837, and is to be completed, we presume, by the establishment of a " free trade in currency." What precise idea the authors of this cry may attach to the term, we do not exactly comprehend ; unless it mean the free trade of the free banking law of this state, to enable any body and every body to issue notes on a pledge of lands and stocks ; in which way, with some slight *improvement* in the law, we may hereafter have the trees of the forest estimated as part and parcel of the productive wealth of the country, and every acre of wild land represented by a free bank note duly registered and stamped.

Another party seems disposed to favor the employment of a large state bank as the regulator of the currency, to whose care shall be intrusted the public monies ; and the United States Bank of Pennsylvania is spoken of as the one to be selected for this purpose.

So attached had the people of this Union become to a national institution, after their long experience of its paramount utility and absolute necessity, that nothing could have prevented the re-charter of the late bank but the united influence, on the one hand, of the determined spirit and extraordinary popularity of the Executive ; and, on the other, of the impolitic measures of the bank itself, and the unfortunate counsels that governed its proceedings and

gave them a political impulse and direction. Like a third estate of the realm, it assumed a consequence and set up pretensions that were but too certain to meet the fate it seemed to invite. After the bank had lost its national character, it still continued unfortunately to be identified in Europe, with the financial credit of the Union ; but now, after having been compelled to behold the mortifying position in which it was placed abroad, as well as the unfortunate condition to which it has been reduced at home, we thought there only remained the duty, on the part of our banks, of rendering the necessary assistance, by an united effort, in order to enable it to close its concerns and wind up its affairs in a way that would prove least inconvenient to its debtors, least injurious to such interests as had become identified with its own, and at the same time most advantageous for its stockholders. But as if to prove how one extreme of opinion is apt to beget another—how readily sympathies become contagious—and how easily our repugnance to experiments can be overcome or forgotten, we now find that this corporation, by means of aid from all quarters, must not only become regenerated as a bank, but its advocates require that it shall be reinstated as a regulator.

We certainly should not now refer to this institution, nor make the slightest allusion to its past necessities or present state, did we not hear it recommended by its friends as the regenerator of our currency—the rallying point for the restoration of credit—the *fiscal agent of the new administration*. We still cannot but think that the bare mention of such an experiment would be sufficient to induce the bank rather to court the opposition of its worst enemies than the aid of such friends ; at least we feel convinced, that the people would regard such a suggestion in no other light than as made in bitter mockery of the past sufferings and present wants of the country.

And is it possible, after all that has been suffered and endured, that the country is doomed to be again exposed to another series of experiments upon the currency ?

The metropolis of New-England, under the influence of local and separate interests, may feel contented with the resumption of specie payments by the United States Bank of Pennsylvania, as sufficient, perhaps, in her opinion, not only for her own purposes, but for those of the Union also; as if that step, although certainly desirable in itself, had any thing in it of permanent interest in a national point of view under the circumstances of the country; or indeed was likely to have any other effect than to create hopes, which may possibly be doomed to disappointment, and interpose obstacles in the way of a general resumption of specie payments, by the establishment of a national standard of value, on the only permanent foundation of future security.

How can the manufacturers of New-England regain the market for the long list of articles which the south western states formerly required, so long as those states have no sound medium in which to pay for these manufactures? And how can this medium be restored without a national currency?

Are not therefore both producer and consumer equally interested in its restoration? It is perfectly true, notwithstanding her sterile soil, that the individual industry, enterprise and economy of her population, together with her manufacturing wealth, will better enable New-England to maintain a medium of uniform value than the more productive lands, and more rapidly increasing, but less industrious and less thrifty population of our south western states. These, in their natural advantages, increasing population, and fertile soil, possess a great capacity for the employment of capital, and a great ability for the production of wealth, but are without the habit or perhaps the power of accumulation. There is a continual desire for the purchase of more land, the erection of villages and towns, the construction of roads and canals, requiring not only the outlay of all the capital that has been acquired, but also of all the credit that can be obtained. For states so situated, and thus acting, the preservation of a sound

currency of *their own creating*, is almost entirely out of the question.

If then we postpone the general restoration of a sound currency for the Union, and with it the return of confidence and the re-establishment of credit on a sure foundation ; and thus prolong, perhaps perpetuate the existence, or at least invite the return of the inordinate inflations and injurious contractions,—the revulsions and reactions of the past four years ; we may do more than establish in our own example, as a nation, the truth of the maxim that “extended empire, like expanded gold, exchanges solid strength for feeble splendor.”

It is perfectly certain that American securities, generally, in Europe, must either suffer depreciation or remain without purchasers, so long as suspension of specie payments shall exist on the part of a great portion of our banks ; at the same time, we can place but little reliance upon the chance of any good effect resulting from partial resumption, as far as general interests are concerned, either in the United States or in Europe. Our views would be of a more permanent character as regards the nature and degree of the confidence we would inspire, and of the credit we would restore, in order that we might feel more secure in the good we intended to accomplish.

We would lend the credit of the Union to re-establish the credit of the states, while we would make a national institution the rallying point for confidence both at home and abroad.

Perhaps it will be urged that there may be reason to apprehend that it might be *impolitic* to propose measures for which the public mind may not yet be fully prepared ; and that thus a deserved popularity may be hazarded, and the prospect of future good become clouded, by a premature attempt to succeed in plans which, although good in themselves, require further time to be matured and carried out to successful accomplishment. Those who should suggest such fears may be set down as unwise or evil counselors ; resembling, somewhat, that family of politicians of

whom it was truly said they seemed neither to have learned any thing nor forgotten any thing. There may indeed be differences of opinion to reconcile, but will time be likely to remove those difficulties? Will not delay, on the contrary, cause them to assume a form and shape likely to create separate interests ; giving consistency to prejudices, and strength to parties, rendered more and more difficult to be reconciled or united in any well advised system of measures of pressing and vital importance to the public weal? Can there be a doubt of the good effects of a warehousing act, so imperiously required by the wants of commerce? Of that revision of the tariff which, without pressing injuriously upon any particular interest, shall increase the revenue by adding to it what is now paid to the foreign producer? Of that re-establishment and restitution of a national currency, of uniform value, which shall complete the restoration of confidence and credit, and thus advance the general prosperity? Would these not be acts which would secure their own popularity in the benefits they would confer? And would not their authors secure for themselves and their party the thanks of an intelligent people? It was the influence of imprudent counsels and injudicious measures, of a diametrically opposite kind and character, that gave to the opposition its influence and success, when Mr. Jefferson, in particular, and also Gen. Jackson succeeded their predecessors ; while, unfortunately, the influence of some of the doctrines of the one, and especially the experiments of the other, have left traces, if not in the character of our institutions, at least in the prejudices of the people, and the condition of the country, which time alone can efface. We doubt not but politicians may be found who, neither unable to form a correct judgment on the question, nor wanting in independence to express their conviction, *on a suitable occasion*, may still be unwilling, for the present, to express an opinion in favor of a national bank : who will hang upon contingencies, and wait upon events ; and, while watching the movements of their leaders, will withhold the public expression of their sentiments until

the fulness of time shall arrive, when, as they probably hope,—their aid being required,—they may exhibit their political strength and importance by throwing their weight into one of the scales of opposing opinions, and thus make sure of the advantages of their neutral position. To such, if any there should be, we would beg leave, with becoming humility, to suggest a consideration of the advice from revered authority, “Set not up your horn nor speak with a stiff neck” lest it should be found, when least expected, that promotion of a *permanent* character, cometh not from the East, nor from the West, nor yet from the South, but from the people at large whenever it shall have been deserved at their hands.

When the people returned their late verdict of condemnation against our present rulers, they may be supposed thus to have addressed those whom they had selected to supply their place.

*Take with you, to the discharge of your duties, the assurance that you possess the confidence of a people before whom your own conduct in its turn will soon pass in review, and remember that you may rely upon preserving that confidence so long as you shall continue to deserve it; but, from evil counsellors and ruinous measures we have suffered too long and too much: let therefore the reign of experiment cease, or the duration of your power is limited.*

When we consider the importance of the measures that must, of necessity, engage the immediate attention of the next Congress, we think it will be admitted that there never was a time when the services of the mere politician, the technical lawyer, or the party advocate, were less needed, or rather could be better dispensed with; although there never was a period, in our history, where the influence and exertions of the true patriot, and the practical experience and talents of the man of business, as well as of the enlightened statesman, were more imperiously required. At the same time the leading features of our national policy are distinct and plain; and we think the de-

tails could be as easily traced out, as we believe the principles could be readily established.

The first question is, shall the country be required to continue, without any necessity, in its present situation ; or shall an extra session of Congress assemble in May, and thus anticipate, by a year, the adoption of those measures of relief which the people require at the hands of their representatives ?

Nine states, however, sending sixty representatives, would then be unrepresented. Congress has power, at once, to pass a law fixing the period of these elections in the states ; but, in the absence of such a law, a notice to the Executive of each state, sent in the name and by authority of the president elect, or by the president himself, after the 10th of February, announcing the intention to convene Congress in May, would insure the passage of the necessary laws to enable those states to be represented in the extra session. What are the measures of pressing necessity requiring the immediate attention of Congress ?

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**TARIFF.**—In June, 1842, all articles imported into the United States, now subject to duty, must pay a duty of 20 per cent. in cash, on the valuation in the United States ; and all goods that are free of duty now, will also be free then. The idea of a home valuation is correct enough in principle, but it will be utterly impossible to carry it into practical operation. We must therefore, continue the existing ad valorem and specific duties on some articles connected with important national interests.

So abundant are our own mines of coal and ore, so extended the facilities of cheap transportation, and so great the proficiency, and so progressive the improvements in the processes required to produce the manufactured article, that iron is not likely to stand in need of high protective duties many years longer : while, on coarse cottons, 30 per cent. will probably soon become a sufficient protection,



nor would coarse woollens require more, if the duty on the raw material was reduced.

We believe the productions of the South are quite as much benefitted by the increase and perfection of manufactures at the North, as those of any other portion of the Union.

But time may still be required to remove prejudices and correct errors in relation to this important principle of national policy. It is fortunate, therefore, if only in this point of view, that so greatly extended and improved have the manufacturing interests of the United States become, that a gradual reduction in the protecting duty has taken place without injury, and will probably continue, for some time, as a matter of course.

We consume at home about one sixth of our cotton crop; and as the better qualities only are used, the value of the 300,000 bales required by our own manufactures is nearly one fifth of the whole; the product of which, in goods, is about fifty millions of dollars, (our import of foreign cotton goods being only fourteen millions,) of our own cotton manufactures, three millions are exported, and come in successful competition, in foreign markets, with similar articles of British manufacture, thus proving a result that was originally predicted, and upon which the claim to protection was principally founded.

Should the representatives from the South, however, still oppose the continuance of moderate protecting duties, they may be referred to their own tariff in 1816, laid expressly to protect the interests of the cotton grower, at the time that a national bank was also in vogue in that quarter: and if Mr. Madison's opinion in favor of the right of Congress to impose duties, for the protection of domestic manufactures, be not sufficient, it might not be amiss, in order to prove what were the views and intentions of our first lawgivers on this subject, to recur to the preamble to the first bill on the subject of duties on imports passed at the first session of Congress in 1789.

"Whereas, it is necessary for the support of govern-

ment for the discharge of the debts of the United States *and the encouragement and protection of manufactures*, that duties be laid on goods, wares and merchandise, &c., be it enacted."

We are not without hopes, however, that, by the aid of liberal sentiments and national views, this question may be settled without much difficulty; particularly as the necessity of very high duties no longer exists, and as we think, after the experience we have had, that on one side the opposition to the principle of protection has been weakened, so do we hope, on the other, that all *ultra* views and doctrines will be abandoned forever.

The examination, at Washington, before a committee of the House, of a few well-informed practical men, will supply all the information, as to facts and details, that may be necessary, to enable Congress to act understandingly and promptly upon a subject of such general interest, and one requiring their immediate attention.

The total imports into the United States, for the year ending September, 1839, were 162 millions, and deducting 17 millions re-exported, there remains 145 millions, one half of which, or about 72 millions were imported free of duty; of this sum, articles amounting in value to more than 50 millions, might pay a duty of from 20 to 25 per cent. without pressing upon any interests at home, and in most cases, without increasing the price to the consumer. Of coffee, the import was 10 millions of dollars, the duty was formerly 5 cents per pound; after making allowance for the effect of any additional stimulus to production, whereby to increase supply; and, on the other hand, of an enlarged demand consequent upon increased consumption, it is ascertained that the former duty of 5 cents is shared by the producer and the consumer in the proportion of three fifths to the former, and two fifths to the latter: a duty therefore of 25 per cent. *ad valorem*, or from 2 to 3 cents per pound, would not increase the price to the consumer, while the national treasury would receive what is now paid as a bounty to the foreign grower. The same reasoning

will apply, and the same result hold good in regard to tea, of which two and a half millions in value were consumed in 1839. The value of worsted and linen goods imported, is seven millions of each, and no good reason can be assigned why they should not pay the moderate duty of twenty per cent., as both, to some extent, particularly the latter, interfere with our own manufactures of cotton.

But of all the articles that could well afford to pay a duty of 20 per cent., whether we consider the means of those who usually consume them, or recur to the fact that from the great quantity we consume, the fabricators take special care that a removal of duty shall make but little difference in price, French silks may be placed first on the list. Of these we imported in 1839, above twenty-two millions in value. On which a revenue to government of five millions might have been collected, instead of being paid to the foreign manufacturer.

Our imports from England were sixty-four millions, and exports fifty-eight; and if we add 10 per cent. for freight, we shall find that the value paid and received by either country was about equal; exhibiting, we suppose, that state of "fair commercial dealings based on reciprocal benefits," which the Executive in his message of December, 1839, most graciously informs us "He did not mean to discourage."

Our exports to France at the same time were only 18 millions, while our imports were 33 millions; and as these consist almost exclusively, of articles of luxury, and many of them of but little actual necessity, it seems, that on every ground of national policy, a duty should be laid on silks from that country.

By imposing a duty, accordingly, on the articles thus enumerated, the revenue would be benefitted to the extent of 10 or 12 millions annually; without increasing the price of articles of general use to the consumer, and without furnishing any ground for objection, as we are aware, on the part of any interest, or from any section of our country.

We have thus an important Tariff law going shortly into

operation, which will require essential alterations both of principle and practice—and other changes in the same law will be equally necessary in order to relieve the pressing wants of the national treasury. If we defer the discussion of these questions until next December, when will the debate be likely to close, with so much time before Congress to be employed or consumed: but, under any circumstances, even if there was a hope that the tariff question would then be adjusted with greater despatch than usually attends the passage of important bills at a long session; the trade and commerce of the country would have no time to prepare for the changes that would be introduced. Does it not follow, therefore, as a matter of necessity, that we shall have to permit the Tariff of June, 1842, to go into operation, with all its preposterous provisions, and impracticable requirements, leaving important interests unprotected, and the wants of the national treasury unsupplied? or be compelled to call an extra session of Congress at an early day in order to despatch the business of the country?

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#### A NATIONAL BANK.

The operation of a judicious tariff of duties would exercise an important influence on the stability of the currency. The Sub-Treasury law having been repudiated by the people, and the local bank system condemned by their representatives, the want of a national currency, and a national bank, as the only resources, are now among the most pressing necessities of the country: and accordingly the attention of the next Congress cannot be too early directed to the consideration of these healing measures, without which all others must be of subordinate importance, and can prove of but little permanent benefit.

But the objectionable conduct and limited influence of the late bank, at its first establishment, are cited as furnishing grounds for disbelief in the advantages and benefits now promised by the advocates of a new national institu-

tion. As we have before suggested ; give to Congress the power of amendment and repeal, limit its dividends to six or at most seven per cent., and compel the publication of clear and full and frequent statements of its affairs, and you remove the foundation of all apprehension that, in this respect, a new national institution will follow in the footsteps of its predecessor.

Nor must we forget the entire change in the circumstances and situation of the country between the respective periods of 1816 and 1841. Then, an inflated currency, unusually large imports, a heavy debt, with credit expanded to the utmost, presented a state of things that lent its sinister influence to the new bank which it did not attempt to resist, and therefore possessed no power to control.

Now, with a currency insufficient in amount in all quarters where specie payments have been maintained or prepared for, with a diminished import, and with credit, of every description, on a reduced and moderate scale, a national bank would come in at the most auspicious moment ; and if the effect of past errors and misfortunes is in any degree to be remedied, if the ground work of present evil is to be prevented, and that of future good prepared, *now* is the appointed time for a national institution to commence its career. And as it is important that the restoration of confidence and credit should be gradual and slow, it is equally so that the foundation upon which they are to rest, should be permanently secure. By means of its own credit and circulation, a national bank would provide a capital for a time, wherever the trade and commerce of the country required such aid, without hazarding its own safety, or unduly stimulating the enterprise of the country ; and while it thus furnished means, in which the nation would have confidence, if ever, and whenever, it became necessary for its own security, or for the protection of the credit of the general currency, it would interpose a timely check, and exercise an effectual control.

But allusion is often made to the Bank of England, and to her inability to regulate the currency there, and it is

accordingly said that the changes in the value of money, and consequent injury to the general interests of the country, have been alike severe and frequent under the management of that national regulator, and hence an inference is drawn unfavorable to the power and influence of a bank of the United States. The situation of the United States is far different from that of Great Britain, and when we consider our extended territory and its varied interests, our increasing population, and advancing prosperity, the use and necessity of a national bank are far greater here than there ; and in respect to the currency, our system, as it was formerly conducted, might well challenge a comparison. A national bank with us has fewer difficulties of every kind to contend with ; it has not the same mass of complicated, and often conflicting interests to reconcile and protect ; it has less congregated wealth to come in competition with ; it would neither be compelled to lend its capital to government, nor called on, like the Bank of England, to become the responsible head of the exchange transactions of the commercial world ; the operation of our system is more simple, and its duties less onerous.

We are not aware that there is any thing in the general system of the currency of Great Britain, or in the management of it by the Bank of England, from which we have much to learn, when contrasted with our experience of the operation of a national bank of our own, with the state institutions around her, both, in some respects, mutually dependent upon and assisting each other : our currency was, once, all that could be desired. In the words of Mr. Lowndes, "you have required that the currency furnished by the national bank be every where converted into silver, and it is so. You have expected that it should be as uniform as coin, and it is more so."

The Bank of England was originally established in 1693 to aid the government to carry on the war against France. The pound, now called sterling, was first ordered by William the Conqueror, in 1073, to be considered as the measure of value—the money was then silver. Gold

was first coined in 1345. In 1510, gold sovereigns of 22s. were coined, and in 1550, gold sovereigns of 20s. or one pound, but in 1553, the same were ordered to pass for 30s. In 1682, guineas were first coined, value 20s., and in 1717, they were ordered to pass for 21s. to prevent their being melted down.

In 1778 the light gold was called in, amounting to fifteen and a half millions, and re-coined at an expense of £700,000. The Bank of England notes amounted at this period to ten and a half millions, in all twenty-six millions.

Gold seven shilling pieces were issued in 1797, and silver tokens in January, 1798, after the suspension.

The amount of sovereigns issued in 1821 and 1822, preparatory to resumption by the bank, was about fifteen millions.

The Bank of England is the only one, now in existence, whose notes are payable in gold ; and it is difficult to conceive why that standard should be adhered to at the present time, to the exclusion of silver, unless the force of habit or a costly pride should be too strong to yield to the plainest dictates of prudence and expediency.

When England has to pay for grain, as in 1839, in consequence of the deficient harvest of 1838, her gold is required for that purpose ; because the nations who furnish the grain consume but a small amount of her manufactures.

When war is apprehended, and prepared for, as of late, gold is in immediate demand, as more convenient and more valuable than silver. It is not only required for use, but, on the appearance of a want of confidence, it is taken for hoarding.

In proof of this we need only allude to the fact, that when Napoleon returned from Elba, in the spring of 1815, the price of gold advanced in Paris ten per cent. in as many days, bearing that premium in exchange for the silver of the country.

When gold thus disappears, the issues of the bank must be immediately reduced, bank notes can no longer be obtained, money accordingly becomes scarce, when pressure

and distress in a greater or less degree are inflicted on all the interests of the country.

An opinion is entertained in England, that there should be a bank of issue distinct from a bank of discount ; and Mr. Lloyd, in his late pamphlet, favors the idea but suggests no plan. The practical difficulty that immediately presents itself, or rather the question that is naturally asked, is, on what securities are the issues to be based ? But there are other important queries that necessarily follow : are the issues to be limited in amount ? Can any one obtain these issues on furnishing the necessary securities ? From what source is to be derived, or on whom is to be conferred, the power to *create* these securities ? We cannot indeed understand how this plan can be adopted at all in England, unless the bank of issue be virtually placed under the control of government, nor should we have thought it necessary here to allude to this proposed experiment, had we not found that an idea had been occasionally expressed in favor of the feasibility of some principle of the kind being adopted in this country.

The select committee of parliament on banks of issue, in their late report, make no suggestion, nor furnish us with any information on this subject. They say that, finding they had not time to include all the necessary evidence, they did not report any opinion "on the main subject of their inquiry." It appears by the evidence, that the general rule of the bank, in the regulation of its issues, is to retain an investment in securities, bearing interest, of two thirds of their liabilities and the remaining one third in bullion and coin. The committee ask a director, "referring to the accounts of the bank, does it not appear that the drain in the first part of 1838, fell almost entirely upon the deposits of the bank and in no degree upon the circulation ?" The answer was "I believe that it fell almost wholly upon the deposits," and the committee close their report by expressing an opinion that the bank ought not to be prevented from adopting any other principle of management which it may consider better adapted for the pri-



mary object of preserving the convertibility of their notes. Thus leaving the question where it was, and not pretending to deny, what we have elsewhere contended for ; that banks must be governed by circumstances, and their conduct regulated by events. For experience will teach us, that on some occasions a decrease of bullion might *not* necessarily require a curtailment of issues, while at other times an increase of specie, instead of calling for or warranting an increase of discounts or issues, might, on the contrary, not only suggest the exercise of circumspection but require curtailment.

When the Bank of England suspended specie payments in 1797, her issues were but eight millions. Subsequently, with an increase of issues, her paper continued at par. In 1817, when her issues were thirty millions, and *not* redeemable in coin, they were yet at par with the specie of the continent. In 1836, or some six or eight months before the general suspension by our banks, the quantity of specie in the United States was greater perhaps than it ever was before. With this abundance of specie, if our banks had increased their securities, preserving the proportion of two thirds of their liabilities, supposing them to have retained the one third in specie, every such addition to their securities, *at that time*, would have added to their danger and have laid the foundation, with more certainty, for their future suspension.

A bank of the United States at that period would have saved to the country an amount of capital that is now lost forever ; and which many years of productive industry and renewed prosperity will be required to restore.

It is sometimes, however, said that money could not be obtained for the capital of a national bank, that sufficient confidence to subscribe for its stock would not be found to exist either at home or abroad.

It should be remembered that the first United States Bank paid good dividends, and then gave its stockholders a surplus beyond the return of the capital ; while the late bank, when it closed its affairs as a national institution,

gave a handsome surplus on the stock owned by government, and would, of course, have given the same to all other stockholders if they had been disposed to take it: if, therefore, foreign capitalists thought best to give so high a price, by subscribing stock so valuable as this, for the new capital of a mere *state* institution, the fault, and all its consequences, must be theirs, not ours. We should indeed feel an honest pride if all the stocks we had offered to European capitalists had proved both profitable and secure investments; but while some have sustained losses through mismanagement, others have, no doubt, suffered from misconduct; but the temptation afforded by low price and high interest will always furnish inducement to capitalists to speculate and invest, and when competition on both sides is free, both gains and losses must be expected. We should hope, however, before long, that all the stocks issued by the states will be placed upon a footing of undoubted security. And whenever we present the stamp and impress of the national authority, we offer all that can be desired.

The stock, therefore, of the National Bank of the United States, limited in its dividends to seven per cent., which, in the present and probable state of the money market, would be preferable to the limit of six per cent. as formerly suggested, would readily find purchasers: we think, however, there would be no necessity to go abroad for subscriptions to the stock, in order to enable the bank to commence its operations.

With power, by the charter, to extend the capital to fifty millions, as opportunities should present, or as the wants of the country should gradually require its use and benefit: twenty millions would be enough for the present; and supposing the secretary of the treasury to be required to subscribe ten millions for the United States, the five per cent. stock received in payment of their subscription; together with subscriptions, at home, for the other ten millions, which could readily be obtained, would constitute a capital immediately available, and which would prove all

sufficient for the present service of the country. But it is supposed, even by those who are to legislate on the subject, that several years would be required to get a national bank into operation ! Those who entertain this idea may be assured that six months after the passage of the bill, the bank would begin to be of service, and in one year from its establishment it could be in full operation.

After the bill for establishing a national bank was returned to Congress by Mr. Madison in January, 1815, on the ground of inexpediency ; another bill, for the same object, was introduced into the Senate on the 6th and passed on the 11th of February following, but was lost by only one vote in the House—74 to 78—on the 17th of the same month ; after news had reached Washington of peace having been concluded with Great Britain.

If that bill had then been amended, and its provisions adapted to the altered relations of the country, with a view to the restoration of the currency ; a great portion of the difficulties attending the first years of the administration of the late bank, which was not chartered until more than a year afterwards, might, and no doubt would have been prevented. The operations of the bank at that time would have gone on with the progress of events,—not followed them : it could have founded its own security on those stable relations of trade and commerce which it would have fostered and encouraged, and in the character of the currency it would have created and restored. A bank accordingly might then have been, what a new bank can *now* become, the architect of its own fame and the instrument and support of its country's prosperity.

The absolute necessity of a national bank was quite as manifest immediately after the conclusion of peace in 1815, as it is now, and it is quite possible that delay now, may be productive of as much inconvenience and injury as it was then. The suspension of the banks south and southwest of Philadelphia is almost certain to continue *until* a bank of the United States shall be established ; for they will hardly deem it advisable to make the effort without

such aid ; but, every bank in a sound condition, would at once resume specie payments the moment a national institution should go into operation.

The passage of a bankrupt law will no doubt again be urged at the present session of Congress.

During the state of depression and prostration that still exists in several of the debtor states, a law of the kind, unless carefully guarded, and particularly if intended to go prematurely into operation, would be unjust to one interest, without being permanently advantageous to the other : for until that property can be rendered available which the debtor has to offer and the creditor to receive, the proposed remedy would not only be inefficient but applied at the wrong time. But when a national currency, alike the foundation of present confidence and promise of future hope, shall have been once more established, the operation of a bankrupt law, the result of united councils, and framed for the protection of all interests, will then be hailed as an act of necessity, as well as one of prudent and provident precaution : as not only administering to the relief of a people, who owe so much of their misfortune to the financial measures of the past, but as harmonizing also with the feelings and sympathies of an enlightened age. But the wide spread desolation of the last four years, has not been confined to individuals, or classes, or communities ; its effect has been felt throughout the nation.

Several states of the Union are now placed in situations of great difficulty and embarrassment. When the general currency became inordinately inflated, in 1836 and part of 1837, under the late pet bank system of the administration, the south-western states naturally increased the issues of their stocks ; keeping pace, in this respect, with the expansion of the credit system under the experimental policy.

Mississippi, although producing nearly one fourth of the whole cotton crop of the Union, seems incapable of making any provision to support her credit, or re-establish her currency ; and some of the less productive states have

incurred debts greatly disproportioned to their present means of payment.

The division of the proceeds of the public lands, annually, among the states, whether considered as a mode of relief, or a principle of action for the federal government, appears liable to some objections. It resembles too much the division of the surplus revenue in 1836, which, as far as permanent good, in a national point of view, was concerned, would, at that time, have been nearly as well disposed of if sunk in the ocean. This resource, however, with the present exigencies of many of the states, would be too tardy in its application ; and, when subdivided, as it must be, too insufficient in amount.

Besides, if this law of division was once passed, it might assume too permanent a character, and its repeal become as difficult, as would be the recall of the surplus revenue from the states. We should prefer therefore not to alienate, in this way, the patrimony of the Union, for we do not think it would be consistent with national policy to give away, in perpetuity, that public domain which the federal government holds in trust for future generations.

But what are the grounds of national policy upon which a plan of relief for the states can be justly founded ? First, that their present difficulties are owing, in a great degree, to errors not their own. Second, that they are unable to extricate themselves from these embarrassments ; and third, because the national aid would be granted in return for the benefits they have conferred upon the Union at large, in the promotion of national objects, by their works of internal improvements, which are, and must continue to be, extensively and essentially tributary to the advancement of general interests, and the public welfare.

We trust therefore that some plan may be devised which, while it shall furnish efficient aid to the states, shall at the same time retain the power in the hands of the general government. A national bank would co-operate effectually and harmoniously in the accomplishment of so desirable an object of national concern and the effect would be

to prevent the growth of local jealousies and separate interests ; while we established an union of sympathies, a community of feelings, and an identity of interests among the respective states of our extended Union.

The passage of the law creating the late bank, notwithstanding the full discussion of the question during the previous session, required four months from the time the subject of " a uniform national currency " was referred to a select committee of the house on 6th December, 1815, to the approval of the bill by Mr. Madison on the 10th April, 1816. With the accumulated and complicated mass of unfurnished business which the present session is likely to throw upon its successor, what chance would there be for a consideration of the question—what hope for the establishment of a national currency, if left to the regular session? But can the re-organization of the finances be postponed, and all the important interests connected with the revision of the tariff be left in their present state of doubt and uncertainty, until 1842 ?

When the question was submitted to the people of " turning out the present administration for having tampered with the currency," from one end of the Union to the other but one spirit prevailed, the people repaired to the polls " with alacrity and unanimity," and effected a change of rulers. The country now naturally looks forward to share, at once, in the benefit of those salutary and protecting laws which sound policy and experience would dictate: having accomplished all that was expected of them, the people now expect that their representatives will, in their turn, also perform their duty.

Postponing therefore, for the present, the consideration of all matters of minor interest ; if the two subjects of vital importance and pressing necessity, the tariff and the currency, were submitted to an extra session of Congress ; there is a just and reasonable ground of hope that they would be promptly and satisfactorily disposed of by the representatives of the people and of the states, specially convened, and firmly resolved, to despatch the business of the country.

Perhaps it will be expected of the country to come forward and ask for a national bank as a special favor, as, without such call, it may be deemed inexpedient to bring forward the measure. Is it then indeed required, that after having changed their rulers for their financial experiments, the people must now sue, at the hands of their successors, for that redress of past grievances, whose efficacy must principally depend upon its prompt application? Must the people entreat of those to whom they have delegated the power, to grant them the repose they stand in need of, and the security they require?

We are firmly persuaded that a vast majority of the people of the United States are convinced of the absolute necessity of a national currency, and are decidedly in favor of a national bank.

Let us not then encounter the risk that would inevitably be incurred by delay; let not the hopes of the country be deferred, and its prosperity be retarded, for another year.

A more golden opportunity for conferring lasting benefits upon their country was hardly ever presented to the statesmen of America than the one that is now before them. They have it in their power; let it therefore be their aim:

“To scatter plenty o’er a smiling land,  
And read their history in a nation’s eyes.”

With all the elements of prosperity clustering thick around us, there is nothing wanting but integrity of purpose, with firmness and decision, joined to the vigorous exercise and application of the varied talent that is known to abound, among those who will shortly represent the interests of the people in the councils of the nation, to enable us to accomplish, in one extra session of Congress, all that is required for the present: and we are thoroughly convinced that the only essential requisite to insure success is the determination to make the effort. Under the guidance, therefore, of a wise and beneficent policy, having for its sole object national benefits of a permanent character,

freed from the errors of the past, and divested entirely of sectional prejudices as well as of these *ultra* views which would partake more of renewed experiment, than of enlightened forecast, or practical experience; our rulers elect may proceed, fearlessly and confidently, to the execution of the task of national reform that has now devolved upon them : unless we misunderstand the feeling of the country, or mistake the signs of the times, they will be cheered and encouraged in their progress, by public approbation ; and they will soon discover, that they have not only laid the foundations, broad and deep, of the future prosperity and welfare of the country ; but have also secured for themselves a well-founded claim to the continued confidence and support of an intelligent and a grateful people.

PUBLIUS.

*New-York, December, 1840.*





**REMARKS**  
**ON THE**  
**CURRENCY OF THE UNITED STATES**  
**AND**  
**PRESENT STATE AND FUTURE PROSPECTS**  
**OF**  
**THE COUNTRY.**

**BY PUBLIUS.**

**1840.**

"For," be it remembered, "there are two different descriptions of paper currency, the one spurious, and the other legitimate; the latter is the genuine offspring of the prosperity of a country, and the representative of its accumulated wealth and productive industry; but the former has no solid basis whereon to stand; it is the herald of the wants of its authors, and often the harbinger of their ruin. Suspicion and despondency march in its train, its increase superinduces its depreciation, and its depreciation produces a compulsory increase, until, at length, resembling the lean and shrivelled kine of the Egyptian monarch of old, it swallows up and devours all the comforts of the land."

OLD AUTHOR.

# REMARKS

ON THE

## CURRENCY OF THE UNITED STATES.

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### CHAPTER I.

#### THE EXPERIMENTAL POLICY.

It will be admitted by all, that the welfare of a country is intimately connected with the stability of its currency. The currency and credit system of the United States, however, have been subjected of late to a series of experiments, and doomed to suffer from a succession of errors, that, without now attempting to ascribe a motive or assign a cause, have not failed to produce all those injurious consequences to the industry of the country, which few nations possessing the same intelligence, and boasting of the same freedom, would have borne with the same meekness, unless a stronger necessity had been shown for these unfortunate attempts at innovation on the established system of the country.

From the year 1791 to the present time, comprising a period of forty-nine years, we have had a Bank of the United States in existence for forty years; and with occasional errors in its administration, and occasional inconvenience arising from mismanagement, but without a charge of party intrigue, or political bias, until the attempt to obtain a renewal of the charter of the late bank; it was the generally received opinion of the country, that it had established a sound currency, preserved the specie standard of value, equalized and facilitated both foreign and domestic exchanges, while it collected and disbursed the public revenues, at all times, and wherever required, without loss, delay, or deterioration in value. Yet did the late President of the United States in his first message to Congress, venture upon the bold and extraordinary assertions which follow. "Both the constitu-

tionality and expediency of the law creating this bank are well questioned by a large portion of our fellow citizens, and it must be admitted by all that it has failed in the great end of establishing a uniform and sound currency." This was the first attempt to experiment upon our system of currency, and to change the established policy which experience had sanctioned ; and here was seen the first effort to shake public confidence in a national institution, and to unhinge the settled opinions of the country with respect to the constitutionality of a bank of the United States. The next error of fatal consequence was, that after the bill to renew the charter of the late bank had received the veto of the President, no effort was made by *either* party, or from *any* quarter to establish a *new* bank in its stead.

And what have been recommended as substitutes for a national bank, as it has existed in the United States for forty years ? These will be considered in the order in which the experiments have been suggested and proposed.

In the first annual message of President Jackson to Congress, in December, 1829, he says—" I submit to the wisdom of the Legislature whether a national bank, founded upon the *credit* of Government and its resources, might not be devised, which would avoid all constitutional difficulties, and at the same time secure all the advantages to the Government *and the country*, that were expected to result from the present bank."

It must be remarked that the constitutional power of the general government, to exercise a control over the currency, in order to secure to the country the advantages expected to result from the United States Bank at that time in existence, did not *then* seem to be a matter of doubt ; at the same time the forlorn idea of such a national bank as seemed to be shadowed forth in this recommendation was thus considered at the time, by the author of these remarks :—

" A national bank founded upon credit would possess all the powers now exercised by the present bank, whose notes are redeemable in specie ; and would of necessity, with credit for its basis, comprehend other powers of a high character specially withheld from the present institution. How then can the constitutional objections entertained in the one case be relinquished in the other ? I am aware of no obligation on the part of Congress to renew the charter of the existing bank. There may be rea-

sons why it should be compelled to wind up its affairs on the termination of the present charter ; but convinced as I think all must be of the necessity of a bank of the United States *on a solid basis*, the inference is conclusive that if the charter of the present bank should not be renewed, (of which I am not aware that any necessity exists,) another bank of similar character must be chartered in order that we may be saved from the evils that must necessarily flow from the uncontrolled operation of the local banks, or the far worse consequences that would attend the establishment of a national bank founded upon the credit of Government. In a free country like ours, the evils of such a bank would be incalculable. As an engine of political corruption, what could be more potent in the hands of a party ? As a machine of Government, what could be more injurious both to the interests and the morals of the people ? And as the means of rendering the value of property, the profits of industry, and the price of commodities, alike fluctuating and uncertain, what could be more effectual, than an irresponsible institution founded upon credit, whose issues could be diminished without limit or restriction, and possessing the tremendous power of wielding and applying at will the resources and *credit* of Government in the form of unredeemable notes." 11th December, 1829.

This project, however, at least in this shape, was not again renewed : although in the succeeding year, 1830, the hint was thrown out, that it was thought practicable to organize such a bank with the *necessary officers*, as a branch of the Treasury Department. As the States would be strengthened by having in their hands the means of furnishing the local paper currency through their own banks.

In 1831 the President made no further recommendation on this subject, "entertaining the same opinions heretofore expressed in relation to the United States Bank as at present organized, leaving the subject to the investigation of the people and their representatives." In 1832, the bill for renewing the charter of the late bank received the veto of the President ; who observed—" whatever interest or influence has given birth to this act, it cannot be found either in the wishes or necessities of the executive department, by which, present action is deemed *premature* ; although the subject had been three times introduced to Congress by the President himself,—and the removal of the public deposites from

the bank being suggested, their removal took place in October following. In the message of 1833 no other substitute for a United States Bank was proposed, than the currency of the local banks, while the Secretary of the Treasury in his report, says : " The state banks can, I have no doubt, furnish a general circulating medium quite as uniform in value as that which has been afforded by the Bank of the United States, probably *more so*." In 1834 the first doubts were expressed by the Executive, of the state banks being able to furnish a suitable paper currency ; but in 1835 the Message repeats the assurance that the Bank of the United States had *not* furnished the country with a sound currency, withdraws the doubts about the ability of the state banks, asserts that they *have* supplied the wants of the community in relation to exchange and currency, as well as they have ever been before, and that the circulating medium has been greatly improved. And in this message, being six years after the commencement of the crusade against a national bank, the first allusion is made to gold and silver as the currency of the country, as the President therein says that if Congress, and the various legislatures of the different States will perform certain acts and deeds "it is apparent that gold and silver will become the principal circulating medium."

After seven years however, of disturbance and experiments, let us hear how the message of 1836 sums up the advantages we had gained : " Although various dangers to our republican institutions have been obviated by the failure of the bank to extort from Government a renewal of its charter, it is obvious that little has been accomplished except a salutary change of public opinion towards restoring to the country the sound currency provided by the Constitution."

In other words the local bank system, although adopted, encouraged and fostered by Government, had failed, having produced those inevitable consequences which every practical man had predicted. Three hundred new banks were created, and bank loans and discounts, were estimated to have been increased nearly four hundred millions. The state banks having been made the depositories of the public monies, became the fiscal agents of Government ; thus furnished with increased means, and thus constituted the regulators of the currency, and at the same time freed from the necessary and wholesome control of a national regula-

tor, the state banks increased in number as they rose in consequence, and in a short time the aggregate of their capital and issues was nearly doubled. Advancing prices, and a redundant currency, became of course the order of the day : excessive importations followed as a necessary consequence, real estate, as well public lands as town lots, were eagerly sought after at extravagant rates, while an anxiety was manifested in this respect to provide for the wants of distant posterity.

The commercial crisis of 1837 followed, and finding the country in the situation which *such* a currency must of necessity have produced, the banks throughout the Union suspended specie payments as a matter of necessity, as well as a matter of course. The message of that year from the present chief magistrate recommended the passage of bankrupt laws against the state banks, and the establishment of the Sub-Treasury System, which, together with a specie currency, and a "divorce of bank and state" have since become the war cries of party, and the watchwords of the day. And what is meant by divorce of bank and state ? A mere party cry, for where was the previous union ? Without which what meaning is there in "divorce ?" The United States Bank formerly collected and disbursed the public revenue, the money being always at the disposal of the Treasury ; and the bank and its branches performed the duties of loan offices for the public debt. The Government owned a portion of the stock, and possessed the privilege of being informed of the state of its affairs, and of appointing a limited number of the directors. How did this differ from that union of bank and state—so called—which was established by the Government itself with the local banks, when they became the depositories of the public monies ? The union was the same, although the Government had no right to inquire into their affairs, no power to appoint directors to assist in their management. What object then seems intended to be accomplished by so senseless a cry ? A real union of *money* and state, which now exists under the practical operation of a Sub-Treasury System, without the specie clause.

It is true that when the subject of an independent treasury was brought forward in Congress in 1835, it was denounced by the administration organ as disorganizing, revolutionary, and subversive of the fundamental principles of our Government, and that the effect of the scheme would be to expose the public treasury to



be robbed by a hundred hands, when under the late system one could not reach it. But the opinions of our rulers have changed. The revenues of the Union are now paid directly into the hands of the receivers of public monies, and the collectors of the ports ; and are afterwards deposited in banks, not to the credit of the Treasury Department, nor even to that of the receiver or collector in his official capacity, but in the name of the individual recipient of the nation's treasure. The public monies thus find their way into the hands of a vast number of different receivers, who again make use of a numerous host of banks, as well for the convenience of disbursing, as for the safe keeping of the money. But in the selection of these depositories, some banks may present peculiar claims to patronage and protection, others may, at times, require to be strengthened, and their claims may be urgent in proportion to their weakness ; and thus, supposing always the exercise of honest intentions, there is incurred the double risk of the solvency, as well as integrity of management both of the receivers general themselves, and of the banks which they may choose, or be directed to patronize. But will not the specie clause obviate every difficulty ? Will not that provide for the security of the government, and at the same time secure to the country the constitutional currency ? It is true, President Jackson said, in his message to Congress in 1836, that it was against the genius of our free institutions to lock up in vaults the treasures of the nation. But the specie clause is now the order of the day. Under that system, the public revenue must be collected in gold and silver, and placed in the custody of the receivers general. The officers of Government, and all who may be fortunate enough to come in for a share of its patronage, are to be paid in the constitutional currency, which, as fast as it is collected, is to be hoarded for this purpose.

The Government will thus become possessed, in process of time, of the greater portion of the available specie of the country. But this money will require to be disbursed, at least in part, in payment of debts due by Government. Specie then must be transported over mountain, lake, and sea ; or specie drafts, or certificates of deposit, as a medium of exchange, must be drawn on, or furnished at the respective points of receipt and disbursement of the public treasure. But what will the receivers be able to get in exchange for their drafts or certificates when this system shall

hereafter be in full operation—when the treasury vaults shall contain the specie of the country, and the receivers general furnish the currency of the land ?

The bank paper of the various States of the Union will be certain to differ materially in value, as at present; the premium therefore on these drafts or certificates must vary also, and hence the receivers must not only act as financiers of government, but as bankers and brokers ; for being in possession of so large a portion of the constitutional currency of the country, with power to accumulate at any particular point as caprice or necessity may suggest, they will be enabled to dictate the terms of occasional contract and alliance between the currency of the Government, and the currency of the Republic. And the representatives of a free people are now required to sanction and approve this system, and regardless of the duties imperiously prescribed by the Constitution, are called upon to leave the vast interests of this extended Union, its agriculture, commerce, and manufactures, the thousands of millions that are circulated and distributed as the avails of the productive industry of the country ; all these they are required to leave, as at present, without a representative in the money hitherto in use—without a common standard of value, without a fixed and stable currency ; for the idea of a purely metallic currency, for the general use of such a country as ours, is too palpably absurd to require consideration.

We perceive then, that at the commencement of the experimental policy, ten years ago, it was thought that a sound currency was an important object to be gained, and the accomplishment of which was within the sphere of the duties as well as the powers of Government ; for the President suggested a bank, although founded on credit, which he thought might secure to the country the advantages expected from the United States Bank. Shortly after, state banks were to supply the wants of the country, in relation to exchange and currency, which duty the President was advised to say they had performed, and at the same time improved the circulating medium. Finding however that these assertions were hardly borne out by facts, and finding also that the Treasury was likely to lose a great portion of the public funds collected in many of the Western States, the Treasury Circular was issued, requiring specie in payment of the public lands. This Circular, proper and necessary as it was in the first instance,

to secure Government from the losses attending the excessive paper issues which its own system had occasioned, was continued in spite of every remonstrance and notwithstanding the injury it was producing, long after the necessity that called it forth had ceased to exist. The suppression of small notes was also recommended to the State Legislatures, with the intention of extending the prohibition to the issue of all notes under fifty dollars, in order that gold and silver might become the principal circulating medium. But it was afterwards confessed, in bitterness of spirit, that nothing had been accomplished by the experimental policy. The state banks, which Government had stimulated to inordinate issues, after having confided to their care the public monies, are denounced and decried because they proved, as was predicted, incompetent to the duties that had been assigned to them, and were made answerable for the inevitable consequences that were but too certain to follow their appointment as regulators of the currency and exchanges of the country; and now, when all the schemes of our rulers have failed, and when their crotchets and experiments, resulting in disaster and disgrace, have mainly contributed to bring the country to its present state of distress and degradation, we are gravely told that Government has nothing to do with the general currency of the country, that their duty is confined to collecting the revenue in gold and silver, and that a Sub-Treasury, which was at first denounced as subversive of the principles of our government, must become the recipient of the constitutional currency for the use of the people's servants; and this cruel neglect of the interests of a confiding people, this abandonment of an imperious duty, and surrender of an important trust, specially confided, as we think, by the Constitution to the national councils, with all the inconsistencies, incongruities, contradictions and absurdities as displayed in the course of the experimental policy, all these seem to have proved acceptable to a large portion of a people, intelligent and discerning in every thing else that relates to their interests and their rights, and honest also in intention on this question, although when we hear the sentiments and opinions that are uttered, perhaps entertained, on this subject, it would appear indeed that but too many of our countrymen have been wheedled into opinions which their general intelligence or sober second thoughts might blush to confess. And when we thus pass in brief review the conduct of our rulers, in

**their management of the currency, must we not become convinced that they have been alike unmindful of the rights of the people, and the interests of the State, or can we avoid the humiliating, yet inevitable conclusion, that this paramount duty, involving in its due performance, consequences so important to the general welfare of the nation, has been committed to hands unequal to the task, or regardless of the trust.**

## CHAPTER II.

### CONSEQUENCES OF THE DETERMINATION TO ADHERE TO THE OLD BANK INSTEAD OF ADVOCATING A NEW INSTITUTION.

It was unfortunate indeed, for the country, that politics were allowed to interfere with the subject of the currency; and that the settlement of a question of such general interest should have been impeded by party spirit, at a time that the interests of either party would have been promoted by first consulting the general welfare.

After the attack on a national bank in the Message of 1829, the next error of almost equally fatal consequence, was the omission, during the session of 1833-34, to bring forward in either House of Congress, a bill for the establishment of a new bank. The renewal of the charter of the bank, with proper modifications, should undoubtedly have been advocated by all reflecting men, in preference to that change which was recommended, or rather the destruction which was intended in the attack of the Executive in 1829, on our system of credit and banking. The continuance therefore of that bank in the first instance, was a plan to which any statesman might, and to which perhaps most politicians would have given the preference, rather than agitate at that time, when the whole system of our currency was threatened with subversion, the question of a new bank; although we remain of opinion that the latter, even then, would have proved the most healing and salutary measure. But the Executive having assumed the responsibility of affixing his veto to the bill that had passed for renewing the charter of the bank, no reasonable hope, no well-founded expectations could have been entertained of any

**P**ossible good resulting from any further adherence to its fate and **F**ortunes, at least in a national point of view. But the opposition **C**lung to the bank as the ark of their political safety, and to its **R**enewal all their hopes and wishes appeared to be directed.

The consequences of this error are now evident in every stage of our progress, and present obstacles in every step towards repairing the mischief it occasioned.

In the late debate in the Senate, on the final passage of the Sub-Treasury bill, the Senator from Kentucky is reported to have attributed our present financial difficulties to three causes, and first and foremost at this late day, comes the removal of the deposits. Now with due respect we think the origin of our difficulties is to be traced to the first outbreak of Gen. Jackson against the expediency and constitutionality of a national bank. The veto on the bill for renewing the charter might be considered the final step—for after it was determined not to renew the bank, with power to carry the resolve into execution, the removal of the deposits was but an incident, and almost natural consequence, for it appears plain that, if a national bank was to be dispensed with, the deposits must have been removed in two years, and might on some accounts, as well have been removed at once.

It here becomes necessary, for a better understanding of this view of the subject, although by no means a grateful task, to recur to the congressional proceedings of 1833-34, when the removal of the deposits formed the subject of debate during nearly that whole season of political warfare, and when the interests of the country and its currency seemed to be matter of but secondary consideration with either of the belligerents. The administration had resolved to put down the bank, and the opposition were determined to put down the administration, and between them the currency was left to its fate. The administration would hardly have succeeded in their object, but for the efficient aid derived from the conduct of the opposition and the bank itself. The opposition must have been successful in their effort, if, instead of appearing as the advocates of a bank, whose chartered rights had *not* been invaded, but whose political career it might have been well to terminate, they had come forward as the supporters of a new and really national institution, as the regulator of the currency.

The Senator from Kentucky introduced the resolution declar-

ing that, in removing the deposits, the President had acted in derogation of the laws and constitution of the country. The 16th section of the Act incorporating the late bank, is in the following words. "The deposits of the money of the United States in places in which the said bank and branches thereof may be established, shall be made in said bank or branches thereof, unless the Secretary of the Treasury shall at any time otherwise order and direct. In which case the Secretary of the Treasury shall immediately lay before Congress if in session; and if not, immediately after the commencement of the next session, the reasons of such order and direction."

If the charter, like that of the old bank, had contained no provision upon this subject, it will not be contended, that the removal of the public money from one bank to another would have been unconstitutional. Mr. Jefferson himself entertained the same project and proposed the same measure during the existence of the first bank, on the sole ground that the institution was thought to be politically unfriendly to his administration, and he wrote a letter to the Secretary of the Treasury on the subject. The reasons however of the then Secretary, on the grounds of expediency and policy, proved sufficient to induce Mr. Jefferson to leave the money with the bank.

The power given by the 16th section to the Secretary of the Treasury, to remove the deposits without cause assigned, was absolute and unconditional, as far as the bank was concerned. But was not the bank required to perform certain duties *in consequence* of becoming the depository of the public money? In the reply of Secretary Dallas to the committee, asking for his views upon certain points in relation to the currency, Mr. Dallas says: "It is proposed that in addition to the usual privileges of a corporation, the notes of the bank shall be received in all payments to the United States, unless congress shall otherwise direct, and in addition to the *duties* usually required from a corporation of this description, the national bank shall be employed to receive, transfer and distribute the public revenue, under the direction of the proper department." The 15th section of the charter accordingly enacts, "That said corporation shall give the necessary facilities for transferring the public funds, and for distributing the same in payment of the public creditors, without charging commissions or claiming allowance on account of differ-

ence of exchange," &c. And in regard to the bonus, Mr. Dallas says it is proposed that a bonus be paid to the Government in consideration of the emoluments to be derived from an exclusive charter during twenty years ; and he adds : " Independent of the bonus here proposed to be exacted, there are undoubtedly many public advantages to be drawn from the establishment of the bank, but these are generally of an incidental kind, and (*as in the case of the deposits and distribution of the revenue*) may be regarded in the light of *equivalents*, not for the monopoly of the charter, but for the reciprocal advantages of a fiscal connection with the public Treasury." If therefore there were advantages that resulted to the bank from the deposits of the public money, so were there also equivalent duties to be performed in its transfer and distribution, and as both terminated simultaneously, and as the right to remove on the part of the Secretary under the charter always existed, it is evident that the rights and privileges of the bank were *not* invaded by the removal of the deposits. But the charter gave the power of removal to the Secretary of the Treasury, and the Executive dismisses one Secretary, who will not remove the deposits, and appoints another expressly to accomplish this object. The President possesses the absolute power of removing from office, as well as that of appointing to office during the recess of the Senate, and if there be any thing distinct in the nature of the duties, or peculiar in the organization of the Treasury Department, the Secretary holds his office by the same tenure as the other members of the Cabinet, and no law therefore requiring the performance of any particular duty on the part of that Secretary, can create a change in this respect.

Let it be supposed that the Secretary had thought the removal absolutely necessary for the safety of the public money, and for the protection of the community, but that the Executive entertained a different opinion, thinking the money safe, and the agitation of the question unnecessary. If the Secretary still thought it his duty to act, would not the Executive have thought it to be his duty to prevent him, by appointing another Secretary ? Suppose, on the other hand, it had become a matter of general belief or conviction that the public money was not safe, and that the increased power it gave to the bank, at that particular juncture, was exercised or might be used injuriously to the interests of the community, and if the Secretary remained of a different opinion,



and was unwilling to remove the money, would it not have become the duty of the President to remove him ? Now although neither of these cases may actually have presented themselves for consideration, still if they had, the legality and constitutionality of the act of the Executive, in the removal of one Secretary and the appointment of another, in order to remove the deposits, would have been the same in either case. The President however did believe, or was persuaded to believe, that the public money was not safe in the bank, while he was no doubt advised, and it might have required no great stretch of faith to have become convinced, that to increase the power of the bank unnecessarily at that particular period, would not have been consistent with prudence, while the money, under such circumstances, could be rendered equally safe, and more serviceable to general interests if placed elsewhere.

It will of course be understood that we are considering the legality and constitutionality—not the policy of the measure. In the conduct of the Executive, no doubt ignorant of effects, and certainly reckless of consequences, there was error and evil enough, but nothing, as we think, illegal or unconstitutional ; and while the act of removal must be considered as unnecessary and unwise, impolitic and high-handed, it seemed always to have been forgotten that it was the people of these United States, and *not* the bank, that had either a cause or a right to complain. We think, with all deference and respect for the opinion of those Senators who thought and acted differently, that it is impolitic and unwise to urge the plea of unconstitutionality unnecessarily, or on doubtful occasions, as tending not to increase our veneration for the charter of our rights, but to weaken our reliance, and diminish our respect for the opinions of those on whom we should wish to rely, to elucidate points of constitutional law, in cases of real encroachment, or in times of peril and alarm ; and we submit to the candid consideration of our countrymen, whether the consequences of perseverance in the attempt to recharter the old bank, at that time, not only prevented the settlement of the currency question, but have ever since deterred the opposition from bringing forward any measure of relief, or of placing before the American people, the only question at issue between the two great political parties.

If a new bank had been proposed at that session, we should

have had a test by which to judge of the sincerity of all parties ; we should have seen who were the friends *only* of the old bank, and who were the friends or opponents of a sound currency on independent grounds. The administration would no longer have had the errors and unpopularity of the bank to constitute their sword and spear, their shield and buckler, in the inglorious fight, —the opposition would have shaken off the incubus that impeded every effort, however well intended, for the public good, and they would have appeared as the free and untrammelled advocates of the only efficient means of preserving and regulating the currency. If the administration had defeated the bill, the people would have manifested their disappointment and displeasure at each and every successive election ; for thus far, they have never had any question, fairly at issue, placed properly before them, and therefore deserve the less blame for having been misguided. They did not believe in the infallibility of the bank, and they could not but look with an unfavorable eye, on an institution that either from choice or necessity, was seen entering the arena of politics as one of the contending parties, nor could they be made to understand how the removal of the deposits could thus early have occasioned all our financial difficulties. They saw indeed, that a mighty effort was made on one side to restore, and on the other to retain, the public money, but they also saw, and were discouraged at the sight, that the real question of the currency, as connected with the interests of the country, was neglected by both parties. The attack of the Executive on the constitutionality of the bank—the denial of the benefits it had conferred, and the recommendation of the Government *credit* bank in its stead, excited but little attention on the part of those whose duty it was to foresee the effects and to sound the alarm ; even the extraordinary exercise of the power of the veto produced comparatively but little effect. But when the public deposits were removed, and a scarcity of money as a powerful auxiliary in the argument, but by no means a necessary consequence of the measure, was producing inconvenience, excitement, and effect, during an electioneering contest, then indeed it became abundantly manifest that the pillars of the Constitution were most violently shaken !!! In all this a false issue was joined, and while the country suffered, the administration profited by the error, for it required but a slight insight into the character of the American people to foresee that rather than submit to the terms that seem-

ed thus to be dictated to them, they would run the chance of encountering the evils they have since been called on to endure. We watched indeed with intense anxiety, during this eventful crisis, the course of the Senator from Massachusetts. With the influence he possessed, particularly at that period, it rarely falls to the lot of any statesman to have so golden an opportunity offered of rendering a service to his country, as was then presented to him; nor is it always that a country possesses one of equal talents to accomplish the task. But the season was permitted to pass by. There was then every reason to hope that a new bank could have been carried. So long as the only question before Congress was a return of the deposits to the United States Bank, there could be no reasonable expectation entertained of any other result than a refusal to do so, if only on party grounds, aside from any other consideration; but on the question of another bank, we have a well grounded belief that there were members enough of the administration party who would have joined with the opposition, —*provided their strength could have been united*—to have carried the measure.

If a charter for a new bank had then been granted, the public would have felt no inconvenience from the winding up of the affairs of the old bank, and the worst and most enduring of our present difficulties would never have had existence. The situation of the country when the commercial revulsion of 1837 overtook us, would have been far different from what it then was, and the effects would have been comparatively trivial. We should have had a standard around which to rally, and credit, if shaken for a moment, would soon have been restored, and our country, with a sound currency, would long ere this have been advancing in her accustomed career of prosperity—not as in the days of undue excitement and speculation, produced by the acts of our rulers when they made the state banks the regulators of the currency, but with a progress less rapid but more secure, and on a firmer basis, supported by mutual confidence.

How sad is the contrast now exhibited—doubt and despondency are around us—credit and confidence have nearly departed—property is almost without value—a general stagnation pervades every department of business—opinions are afloat on an ocean of uncertainty, and hardly a ray of encouragement or of hope can be seen in the prospect before us.

## CHAPTER III.

### CRISIS OF 1837 AND OF 1839, AND EFFECTS ON OUR CURRENCY IN THE ABSENCE OF A NATIONAL BANK.

THE commercial crisis of 1837 and the financial difficulties of the Bank of England in 1839, exercised of course an extensive and controlling influence on the credit system of the United States. We had to sustain more than our full share of the effects of the revulsion of 1837, and were compelled, from the crippled and exposed state of our currency, to be the heaviest sufferers also, from the consequences of the dangers to which the Bank of England was exposed in 1839.

So intimate as well as extended are the commercial relations between Great Britain and the United States, and so similar in some respects were the causes of the revulsion of 1837, that the injury inflicted on the prosperity of the two countries, was, in the first instance, nearly equally shared by both. The increasing wealth and resources of the United States insured to the manufacturers of England a very extensive as well as profitable trade, which increased so rapidly and was becoming so important, that numerous competitors appeared in England anxious to extend credits to the importers of goods in the United States. The temptation therefore unduly to extend this branch of trade, was furnished by the American houses in London, and almost unlimited credits were most freely offered, and, as a natural consequence, as freely accepted. Under a system of credit, no doubt used too freely and extended too far, both countries were advancing in a career of prosperity, in some respects apparent only, but in a far greater degree real and substantial, almost beyond former precedent. The Bank of England however perceived that her stock

of bullion was decreasing, and that with the increased value that had been given to gold in the United States—the operation of which law resulted in no possible benefit or convenience of any kind to us,—her standard could hardly be maintained with safety. In October of 1836, the money market of London gave the first indications of approaching scarcity. It began to be apparent that prices of commodities were too high, and that paper representatives of value were too abundant. It appeared that the London bankers being unable or unwilling to discount the increased quantity of commercial paper that was pressed upon them, arising from American commerce, the offerings at the Bank of England became heavy in consequence, and the vast amount of American credits became, as it would seem, at least in their full extent, known for the first time to the bank. An edict was accordingly issued refusing to discount the paper of eight of the leading houses in the American trade, of high standing and hitherto of undoubted solidity. This measure was generally considered high-handed rather than remedial, and it was not supposed the bank possessed the power or felt inclined to produce a commercial convulsion; and although a few took the alarm, the future intention of the bank not being generally understood, the apprehension, at first created, gradually passed away, and no general benefit resulted from the measure. Money in England in January following was again more plenty, prices of commodities continued high, and no indications of approaching danger were distinctly seen by the community at large in any quarter. Fears however had long been entertained by many of a coming storm, and soon after this period it became manifest that the credit system had been carried too far, and that the foundations upon which it rested were too limited for the extended sphere of its operations. The bank shortly after commenced restrictive measures, determined to force back gold from the United States. It was not long before money became scarce in England, prices of commodities declined rapidly in value, credit became less available, and confidence began to give way; remittances from the United States were not only reduced in amount, but changed in the character of the bills; failures followed as an inevitable necessity, while so great was the apprehension and distrust prevailing among all classes, that it seemed as if the solid fabric of commercial credit in England was tottering to its fall. The bank, justly alarmed

for the consequences, now came to the relief of some of the large American houses, and staid for a time a portion of the threatened calamity. But the state of affairs with us gave no promise of amendment, and little hope was entertained of the payment of the large commercial balance then due to England, occasioned by unusually heavy imports, for which, in consequence of the numerous failures, no return could be obtained, while a decline in price of between one third and one half the previous value of the great staple of our country, left nothing to be drawn for. In this state of things, so at least it was reported and believed at the time, the deputation from the Bank of England that waited on the Chancellor of the Exchequer, asked whether in case their opinion the necessity should exist, the bank would be allowed to resort to a temporary suspension; a refusal followed the application, when the bank came at once to the determination to withhold all further support from the commercial houses to whom they so lately had rendered assistance. The bullion reported in the bank at this time, according to their mode of taking the average, amounted to little more than three millions. The actual amount was probably less than three millions. If the Bank of England in October, 1836, when curtailment became evidently necessary, had established some principle of action, and pursued a course of conduct that could have been understood and would have been followed up, the apparently favorable but really deceptive change in the money market in January, 1837, would not have taken place; the mercantile world would have taken the alarm in time, the decline in prices would have commenced earlier, and proceeded more gradually, and a great portion of the injury so unnecessarily inflicted on the commerce of both countries, would have been entirely prevented.

The crisis of 1837 found this country without a national bank. The credit system, under the guardianship of the state banks, whose issues had been so inordinately increased, under the patronage and by direction of the administration, and with the aid of the public monies, was now in the full tide of successful experiment. Prices of domestic produce as well as foreign imports, of city property and village lots, of cultivated farms and wild lands, with stocks of every kind, were all at high and extravagant prices. This increased amount of value required of course an increased and increasing quantity of paper

to represent it, until at length, in March, 1837, the system began to give way from its own inherent weakness. Large failures took place at New-Orleans, others immediately followed in this city, and this breaking up of the system commenced some time before the effect of the worst commercial difficulties in England had been experienced here. The advices respecting the state of affairs in England, the decline in prices and the general prostration of credit, and by no means among the minor evils of that eventful crisis, the refusal both in England and France to honor bills drawn from this country in cases where the parties were bound to accept under the most solemn and honorable of obligations, soon completed the work of wide spread ruin that had commenced on this side, and the suspension of specie payments, by all the banks in the Union, took place in May following.

During the summer of 1836, the operation of the specie Circular and the distribution of the surplus revenue among the states, had the effect of draining specie from the Atlantic States, although the two measures differed materially from each other in character and principle. The specie Circular was absolutely necessary to save the Treasury from losses by the depreciated currency received at the West for the proceeds of the public lands; the error was in continuing it after its good effects were at an end, for when speculation in the purchase of lands had ceased, the continuance of the measure only tended unnecessarily to restrict confidence and subject the banks at the West and in the Atlantic States, to inconvenience and loss. The distribution law, objectionable as we always thought it in principle, operated in practice as an unmitigated evil. At this period all system and regularity in our exchanges were at an end, and bills on the distant cities of the Union were negotiated only at ruinous sacrifices, and when nearly thirty millions were to be distributed by the Treasury Department among the respective states, confusion ruled the hour; and whether we consider the general inconvenience that resulted at that particular junction of our affairs, from the abstraction of the money from different banks, when deprived of the aid of a national bank to accomplish the object through the medium of exchanges; or recur to the manner in which the specie was transported backwards and forwards, by land and water, creating annoyance and causing apprehension in some quarters, without proving serviceable in any;—or recollect the use that was in too

many cases made of the money after it was distributed ;—in whatever light considered, it was a measure fraught only with injury to the country. It was at this period that our banks should have perceived the necessity and commenced a system of curtailment. But we had no system. There was none to set the example or sound the alarm. If a national bank had been in existence, it would easily have prevented most of the evil consequences attending the operations of the distribution law, and the specie Circular ; the latter indeed would not have been required. The bank would naturally have commenced to curtail its issues in July, if it had not done so before ; it would have foreseen and have guarded against the approaching danger from the restrictive system adopted by the Bank of England, in order to force back gold from the United States ; for having its attention specially directed to the subject, it need not have been deceived by the apparant abundance of money in London, in January, 1837, and accordingly the necessity of a general suspension of specie payments in the United States, might perhaps have been avoided altogether.

The following year of 1838, opened with better prospects. The banks in New-York resumed specie payments in May, one year from the suspension, and those in Philadelphia, in August following. It was evident however, that there was wanting a rallying point for credit, a controlling power to prevent a recurrence to excess on the one hand, and to revive confidence on the other ; to prevent what was really worthless in bank credit from extending its influence, and to uphold the prudent, and to encourage the efforts of sound and solvent institutions. Besides the necessity of a power to regulate exchanges, and a standard for a sound medium of circulation.

In England, by the aid of a national bank, in spite of the errors of its administration, and in some of the principles on which it is established, credit was restored, and commerce and manufactures revived, after the crisis of 1837, much sooner than could have been expected ; and capital, with the return of confidence, was soon found seeking employment to reward the industry and enterprise of the country. But the deficient harvest of 1838, imposed the necessity of large imports of grain the following year, and seven millions sterling was paid for foreign grain in 1839. The exports of bullion required for this purpose, caused the bank to curtail its issues, and raise the rate of interest, and



accordingly a scarcity of money has prevailed in England during the past year, almost unknown in any former period of her history. During the six years of scarcity in England, between 1796 and 1810, requiring altogether an import of grain equal to twenty-five millions sterling, the bank was exempted from paying specie, which relieved the pressure on the money market ; and again during 1817, 1818, and part of 1819, when twenty millions was paid for foreign grain.

The late restrictive measures of the Bank of England caused a great decline in the price of commodities, and whether these measures were directed principally for the accomplishment of this object, their effects certainly fell principally and with aggravated severity upon the great staple of our country, and upon those securities hitherto relied on as efficient means of remittance. The export of specie under such circumstances, in order to discharge balances due to England, has been heavy, and every interest in the country has suffered severely from this new source of commercial and financial embarrassment. The United States Bank of Pennsylvania so called, was looked up to, during the greatest portion of the past season of renewed commercial suffering and distress, as the source of supply for foreign exchange, and was regarded of course, in the absence of a national bank, as the only institution approaching in any shape to a substitute for a national regulator ; and therefore, in September last, when it again yielded to the force of circumstances, and was compelled to suspend payments in specie, nearly all the banks south and west of Philadelphia, immediately followed its example.

## CHAPTER IV.

### FURTHER INFLUENCE AND EFFECT OF THE OPERATIONS OF STATE BANKS WHEN WITHOUT REGULATION AND CONTROL.

THE evils, attendant upon our want of a national bank, are seen not only in the aggravated injury inflicted on all interests, when we have to bear up against a commercial crisis like that of 1837, or feel the influence of the financial difficulties of a great commercial country like that of England, in 1839 ; but when a system itself is erroneous, founded on wrong principles, and liable to every abuse ; when, as in the United States at present, we have issuers of money multiplied and multiplying in every state of the Union : the sources of evil, the banks themselves, must come in for a full share of losses and disasters, when the vicissitudes of trade overtake us, or the financial errors or misfortunes of such a bank as that of England, are felt in their controlling influence over the commerce and finances of our country. If it were required to exhibit a stronger case to prove the absolute necessity of a national bank, it is seen in the effects resulting from the charter of the Bank of Pennsylvania, under the title of the United States Bank, and with the entire capital of its predecessor of that name. The currency of the country being not only without the countenance and support of Government, but all banks being considered injurious under the new doctrine of the specie clause party, the United States Bank—so called—of Pennsylvania, from the extent of its capital, and the credit and reputation that still attached to its name, necessarily occupied a commanding position. It is unnecessary now to speak of the extended views it may have

entertained, or the lofty aims to which it may have aspired, under its state charter. It will be enough to say that the agencies it created at home and abroad, and the interference it exercised in the commercial affairs of the country, for which no apparent necessity existed, and from which but little benefit has accrued, at least to the public, were alike foreign to the character and inconsistent with the duty of any bank ; much less of one that had assumed the title, and seemed to aspire to the performance of the functions, not of a state, but of a national institution. It was evident however from the beginning, to most reflecting men, that the attempt to perpetuate the name of the United States Bank under a state charter, while it was certain to prove incompetent to perform the duties or confer the benefits required by the public interests, would only be instrumental in postponing still longer the establishment of a really national institution. The bank, from the commencement of its new career, has always seemed out of place, ill at ease, and ever in a false position ; and accordingly it has failed in every attempt, however well intended, to follow in the footsteps of its predecessor. It is unfortunate therefore, when it exchanged the character of a national for that of a state institution, whose charter had been obtained only on very onerous conditions, that it had not been better aware of the change in its situation ; and instead of attempting to act as the general regulator of the currency, exchanges, and commerce of the country ; it is matter both of regret and astonishment, that it had not rather adhered to those maxims of prudence and wisdom, which in February, 1834, after the removal of the deposits, it seemed to have established, of its own accord, as the governing principles of its conduct, or have taken counsel of those warnings and misgivings which have since proved, unfortunately, but too prophetic of its fate.

“ The bank is now without influence, and if, with a vain confidence in its own strength, it were to attempt any general measures of relief, it would pay the penalty of its own weakness, and be swept down the tide it could not stem.”

The banks of Mississippi, whose currency seems now to be in a condition of hopeless depression, owe the greatest portion of their embarrassment to the consequences attendant upon their becoming the recipients and distributors of the public money. They received the bounties of the Treasury when every thing was in

the ascendant ; they were directed to distribute and remit, when the fever of speculation had passed away, and the crisis of 1837 fell upon them at the very time that their bills of exchange were about maturing. The losses thus incurred, bound as they were to make the sum good to the Treasury, laid the foundation for the present crippled state of those banks, upon whom should now devolve the duty of retrieving, in some degree at least, the character of the currency of their state.

In New-York we have also tried to experiment upon the currency. The old banks of the state, under the Safety Fund law, were formerly allowed to discount to the extent of twice and a half the amount of their capital.\* They are now allowed to go no farther than one half beyond their capital. Our city banks therefore, under this law, with a capital of a little over twenty millions, would have out only ten millions of issues beyond their capital, which they would owe to the holders of their notes, and to their depositors, and for which they would be liable to be called on for specie. But two thirds of this excess is generally required to be kept on deposit, varying only in the names of the depositors, for the discharge of commercial engagements ; leaving only some few millions for which the banks, in ordinary times, would be likely to be called on for specie. As the Safety Fund law therefore now stands, we have about as safe a system for a state, as we could well expect ; for although the country banks, with comparatively less specie, less amount on deposit, and a larger floating circulation, might in times of pressure, experience some difficulty, still the timely interference of the state authority under the law, as exercised of late, with the aid of the reserved fund, will always be found sufficient to protect the community, and remedy any occasional inconvenience. Our Safety Fund Bank law therefore, now comprises most of the elements of safety for a state system. The checks it interposes, the supervision it establishes, the fund it creates, and the wholesome control it gives to the commissioners, all tend to inspire a confidence, and afford a security, amply sufficient for all purposes of state banking. But the free banking law of the state permits any bank to be

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\* This is not strictly correct—the law says issues and circulation, not discounts : and the limit varies according to capital. Thus a bank of a capital of \$100,000, may circulate \$150,000. One of \$1,000,000, \$300,000, and one of \$2,000,000, \$1,200,000.

established, and to issue notes, or in other words, to create money, on a pledge of state stock and real estate, in the proportion of half of each ; and it was supposed by the advocates of the measure, that a new feature was added to our banking system, furnishing a security hitherto unknown, and that a principle was thus introduced, which alone was wanting to make a perfect system. It was even contended in some quarters, in proof of the advantages of the law, that every one, as well the poor man as the rich man, might now become his own banker. But we think that the issue of money, like the loan of money by a bank, on the security of real estate, is against every sound principle of banking as confirmed by all experience ; while the security of state stocks, though somewhat better, is only so in degree, and under certain circumstances. It is no doubt perfectly right to protect, by legislative enactments, the holders of bank notes ; but it is also a paramount duty to guard the character and preserve the value of the currency. If state stocks are to represent what is understood by money, in the shape of bank notes, why should not other descriptions of stocks have the same right ? If improved real estate is to be entitled to the same privilege, why not wild lands ? The principle is nearly the same, only extended somewhat farther. For as in the present state of our currency, and during a general want of confidence, it matters but little how restricted may be the securities allowed to be received in pledge of issues, so when in future periods of prosperity, an apparent necessity shall exist, it would be quite easy to extend the privilege to all manner of securities, for we may be well assured that if such extension should be found profitable, it would be quite likely to find favor enough with our legislature, to be considered safe. It was predicted by practical men, when this law passed, that it would render no service to the public, nor afford any relief from our difficulties ; for that the banks which such a law would bring into existence, during the present state of credit, would be borrowers, and not lenders, of money ; and with the exception of one large and one small bank in this city, being merely solitary examples of sound establishments, with cash capitals, all the state security banks have been borrowers instead of lenders ; mere loan offices for the exchange of securities.

The numerous ephemeral establishments that have sprung up to claim the privileges of the law, many of them to disappear after

their names had been recorded, whose declared capital extends to thousands of millions, and the duration of their existence nearly to the end of time, as seen in the report of the comptroller, prove conclusively what we might have had to endure in this way, if real estate had again risen into favor, and state stocks had experienced no depression ; and indicate as clearly what we may hereafter expect, when at some future period we shall have an upward tendency in prices, and a general revival of confidence. Shall we be told that real estate and the stocks of distant states, can become convertible readily and promptly during a pressure for money, consequent upon the inflation of the currency, which will follow as an inevitable consequence, when a return of confidence shall set the machinery of this new system of banking, in full operation ? The objections to the law are of a two-fold character. First, the power granted to banks, to issue notes as money, on any specific security, like stock whose period of payment is not determinate and certain, is wrong as far as the principles of banking are concerned, without considering the objectionable feature, of making real estate the basis of issue, which is of itself sufficient to condemn the system. Bank notes were indeed intended to represent the property, and the productive industry of a country ; and as it is perfectly plain, that at no period, can they all be redeemed in specie, at the will of the holders, it is of course sufficient for all the purposes of their use and benefit, if they can purchase as much of any commodity, as the same amount of specie would purchase. But in order to preserve them on this level, they must be issued on securities that can be convertible at pleasure, and whenever they are based on the security of real estate, which can never be made available at will ; or of state stocks, which cannot always be converted in large amounts during a period of pressure ; bank notes lose not only most of their distinguishing characteristics, but all the proper and essential attributes of money. Mr. Lloyd, in his late remarks on the currency of England, observes, in confirmation of these views :

“ Security for the ultimate solvency of those who issue paper money, is confounded with, and conceived to be, the same thing as security for the due regulation of the amount of that paper money ; a fallacy very prevalent, and from which the most erroneous views arise. Insolvency on the part of an issuer, affects the specific holders of the notes of that issuer, and these only ; but

improper fluctuations in the amount of the paper issues, affect the whole community in common ; they disturb to a greater or less extent, the steadiness of prices, and the regular movements of trade ; they tend to derange the equilibrium of exchange with other countries, and if not subjected to timely control, they may endanger the very basis of the whole monetary system of the country in which they occur."

In the second place, our free banking law allows the existence of an indefinite number of banks, known as such by name and character, to issue bills, notes, and other evidences of debt. The law *authorizes* the banks, after having had their notes countersigned and registered, and then signed by their own officers, to loan and circulate the same as money ; and does *not prohibit* them from issuing other evidences of debt, such as certificates of deposit, bonds, post notes, checks at long date, and all the varieties of this description of credit. How small and comparatively insignificant in amount, are bank issues, so called, or money in the shape of bank notes, payable to bearer on demand, when contrasted with the vast extent of mercantile securities, in the form of promissory notes, foreign and domestic bills of exchange, and securities of this description, which the wants of trade and commerce circulate and require ! These represent the mercantile transactions of the country, are determinable at short periods, and redeemable in notes of specie paying banks. But post notes, certificates of deposit, and other evidences of debt, issued by banks, are generally viewed in the light of money ; and as such exercise an influence on prices, and must accordingly be considered in their effects, as nearly so much added to the circulating medium ; and hence, if the meaning and intent of our free banking law, was not to extend the credit system, such at least must be the inevitable effect, during an upward tendency of prices ; and accordingly, when we consider the endless number of establishments to which it has given existence, an inflated currency must unavoidably be the consequence of its future operation. The former commercial representative in Congress from this city, considered our free banking law as equal to a second declaration of independence ; the same authority however, declared in the House of Representatives, in 1834, that the state banks could perform all the duties, and render all the services of a national bank. We only allude to these opinions, to show how natural it

is for all extremes to meet. The first recommendation of President Jackson, was for a bank founded on *credit*. The last recommendation of the present Executive, is for a specie Sub-Treasury system. Now we think that this system, with the specie clause, on the one hand, and our state security system, with issues founded on real estate and state stocks, on the other, may be considered as the two extremes of all opinions and experiments that have ever been conceived and recommended, on the subject of currency. The former evidently intended to destroy all bank credit—the latter apparently designed, certainly well calculated for making bank credit of any thing.

The effects that have attended the course pursued by the large Bank of Pennsylvania—the losses sustained by the Banks in Mississippi, and the consequent entire prostration of all bank credit in that state, and the apparent necessity for such a measure as our free banking law, which we believe has also found favor with some other states; all result from the want of a general system of currency, and of a controlling power in the shape of a national bank.



## CHAPTER V.

### REMARKS OF THE PRESIDENT OF THE UNITED STATES ON THE STATE OF THE CURRENCY.

IN the last annual Message to Congress, the Executive commences his observations on the currency, by saying: "The continued agitation of the question relative to the best mode of keeping and disbursing the public money, still injuriously affects the business of the country." Thus continuing to confine his attention to the *safe keeping* and *disbursing* the public money, as the only object in relation to this important subject, worthy of his recommendation, or of the consideration of Congress. The Executive says: "I have heretofore assigned to Congress my reasons for believing that the establishment of an independent treasury, as contemplated by the Constitution, is necessary to the safe action of the Federal Government." But of what, we would ask, is this treasury to be independent? Of the interests that are to fill its coffers—of the people whose industry must earn the money—and of the general currency of the country, by which, sooner or later, under such a system, all value must be measured?

Where does our Constitution contemplate a treasury thus independent? And is it indeed necessary for the safe action of the Federal Government, that the revenues must be paid in gold and silver, which, when thus accumulated in an independent treasury, can no longer form the basis of a currency, in the form of bank notes redeemable in specie, which has been in use ever since our existence as a nation? The Executive observes, that "formerly our foreign commerce was founded principally on an exchange of commodities, leaving in its transactions but little foreign debt. Such is not now the case." We were always however, of opi-

nion that since the war, taking one year with another, there was always incurred a foreign debt, and to some extent—for it may be considered an axiom in trade, that the agricultural will always become indebted to the manufacturing nation with whom it carries on its principal trade, unless the former enjoys the peculiar privilege which we possessed before the war, when we were enabled to profit by the advantages of our neutrality. Great Britain, however, was satisfied to lend us her capital, in the shape of credits on imports, and loans on stocks, &c., because our engagements had hitherto been discharged at maturity, and because there was perceived, in the advancing prosperity of the country, not only an increased capacity to employ, but an increased ability to return the principal, while she derived a higher rate of interest than could be obtained in Europe. After depicting the conduct of the banks, in leading to a suspension of specie payments, the Executive adds, “that these consequences are inherent in the present system, that they are not influenced by the banks being large or small, created by National, or State Governments.” Now we would respectfully ask, whether it is just to assert that the result must be alike, whether it be a National, or State Institution; when we find that two suspensions of specie payments have taken place since the national bank was destroyed? The only other suspension having occurred during the war, when no national bank existed; while during the forty years that we had a national bank, no suspension whatever took place. But the Message says, “that the centre of the credit system is in London, and hence a controlling influence is exercised in all our banking establishments.” Is this control however likely to be diminished by the operation of a Sub-Treasury system? In one way only. By dealing in specie alone, and making it supersede altogether the use of credit. But if we are to have banks as at present constituted, without a salutary controlling power, which would effectually prevent any foreign influence, we must consent to submit to the humiliation to which the Message refers. In alluding to the chains that bind all our banks to the centre of the great system of credit, and adding that he does not mean to comment upon measures past or present, the Executive most graciously and condescendingly informs the people of the United States, that he does not mean to discourage the prosecution of fair commercial dealings between Great Britain and the United States, based on reciprocal benefits!!!

The Executive adds that "he cannot bring himself to depict the humiliation in which the Government and people might sooner or later be reduced, if the means for defending their rights were made dependent upon those who might have the most powerful motives to impair them." And does the Executive really suppose we could carry on a war with Great Britain, with specie, and a Sub-Treasury system ? That we could raise money by loans, if bank credit was annihilated ? It might be difficult, although by no means impossible, to maintain specie payments during a war, even with the assistance of a well-regulated bank ; but without such aid, specie would disappear as an inevitable consequence, and Government, of necessity, would have to resort to the worst forms of credit in a depreciated currency.

The Message informs us, " that the state of things (alluding to the credit system,) must be viewed in relation to the general trade of our country, that the time is not long past when a deficiency of foreign crops, was thought to afford a profitable market for the surplus produce of our industry ; but now we await with feverish anxiety, the news of the English harvest, not so much from motives of commendable sympathy, but fearful lest its anticipated failure should narrow the field of credit there." A deficient harvest in Great Britain, in all her past history, has always been the cause of a scarcity of money, and a greater or less degree of mercantile inconvenience and distress. A million of barrels of flour, or some five millions of dollars in value, would be more than we have ever sent to Great Britain in one year, and more than we could send at present. Now the annual value of our cotton taken by Great Britain, is eight or ten times this sum, and accordingly a decline in the price, on cotton alone, of some ten per cent. only, would equal the whole value of all the grain and flour we could spare. But the President asks, " can a system be beneficent, wise or just, which creates greater anxiety for interests dependent upon foreign credit, than for the general prosperity of our own country, and the profitable exportation of the surplus produce of our labor ?" But cotton and tobacco are regular articles of export to Great Britain, while the export of flour is only occasional and contingent. Is it not therefore reasonable, and natural, and just, that anxiety should be manifested for the fate of those interests which are so much more important and extended, and at the same time, equally connected with the prosperity of our

country, and the profitable exportation of the surplus produce of our labor ?

The Executive, in his antipathy to banks, has gone somewhat out of his way to allude to the Bank of England, of which he observes, that "its national character proved unable to keep off a suspension of specie payments, which lasted a quarter of a century." We wish the President had been better advised respecting the character of the suspension of the Bank of England, and of the cause of its continuance. The suspension took place in 1797, and did indeed continue for a quarter of a century. We are informed, by the writers of the day, that in 1795, contributions to the Allied Cause, and a deficient harvest, caused a balance from commercial payments to be added to the remittances of Government ; the result was a reduction in the discounts of the bank, attended by great mercantile distress. In November, 1795, the price of gold in exchange for bank notes had risen eight per cent. Still the bank continued to redeem its issues, and did not suspend specie payments. In 1796, a better harvest relieved the country from the greatest portion of the financial difficulty, but towards the close of 1796 and beginning of 1797, distrust and alarm were renewed by a threatened invasion from France.

"In vain did the Directors resort to their hitherto unfailing expedient of reducing the quantity of their notes ; the evil was new and peculiar, and the drain continued without a prospect of abatement, having brought down their circulation to nearly £8,600,000." It was the panic therefore, unconnected with commercial distress at that time, or an export of specie, that caused the injunction from the Privy Council, to suspend all further payments in cash. The order was soon after prolonged to the opening of the succeeding session of Parliament. "In the mean time corn was abundant, continental subsidies drew to a close, the exports of merchandise were large, exchange rose, and specie flowed into the country, from causes very similar to those which had latterly made it flow out. The bank was now in a state to renew cash payments, but Parliament finding that no inconvenience had resulted from the suspension, determined to adhere to it, and passed resolutions making exemptions from cash payments the settled policy, during the remainder of the war."

The President will thus perceive that the panic, consequent upon an apprehended invasion, caused the suspension in the first

instance, and that the fault of its continuance, must be ascribed, not to the Bank of England, but to the British Parliament.

Two important facts however, must be remembered with regard to the currency of England, during the period of suspension by the bank. For two years after the suspension of 1797, Bank of England notes remained nearly at par with specie, varying only during periods of distress, occasioned by deficient harvests. During the years 1800, 1801, and part of 1802, the value of grain imported, according to reports before a Parliamentary Committee, amounted to £15,000,000 sterling. This was the severest trial their currency had to sustain. Yet did not the Bank of England notes suffer a greater depreciation than 5 per cent., and that only for a short time; having entirely recovered from this decline, and assumed their rank along side of specie in 1802, and continued so, with one exception for a trifling period, until 1808. The enormous expenditures required for carrying on the war with France, as well for subsidies, as the maintenance of numerous fleets and armies, caused an increase of issue to thirty millions sterling, and a depreciation in the value of bank notes, of from 25 to 30 per cent. But in 1815, after peace had been concluded, commerce restored the equilibrium between a specie and a paper currency, and bank notes again resumed their former value, as indicated by the state of the exchanges, the notes of the Bank of England being at par with the specie of the continent; thus proving the advantages of a national bank, possessed of controlling power, and under proper management, to protect the interests of the country, during periods of distress; and restore confidence and credit, on the first return of commercial prosperity. The Executive says he is aware that it is urged, that the control over the state banks, to which he alludes as likely to be exercised by the Sub-Treasury system, might be best attained and exercised by a national bank. But he doubts the expediency, apart from his constitutional scruples. The President informs the nation of the novel fact, that in 1837, the national bank failed equally with others in redeeming its notes. Now we had hitherto always supposed that from the beginning of 1836, or for more than a year before the suspension alluded to, the Bank of the United States so called, acted under a state charter, and was not a national, but a state institution. The Executive also volunteers an opinion; indeed says it can scarcely be doubted, that the recent suspension

of the United States Bank of Pennsylvania, had its origin in a course of business commenced while it was a national institution. It will be recollected that the removal of the deposits took place in October, 1833; the bill for renewing the charter having already received the veto of the President. We wish therefore, the President had been advised of the state of the affairs of the Bank, at the time it ceased to be a national institution, as he would not, in that case, have expressed so confident an opinion, that the foundation for the late suspension had its origin, when it was really a Bank of the United States. The statement is as follows :

*Liabilities on 1st November, 1834.*

Notes in circulation, . . . . .	16,000,000
To the credit of the Treasury, . . . . .	430,000
Public offices, . . . . .	1,830,000
Private deposits, . . . . .	6,740,000
Capital, . . . . .	35,000,000
	<hr/>
	60,000,000

*Resources on 1st November, 1834.*

To meet the foregoing, the Bank has the following resources :

Discounts, . . . . .	34,667,000
Mortgages, . . . . .	87,000
Domestic bills, . . . . .	11,086,000
Foreign ditto, . . . . .	2,727,000
Real estate, . . . . .	3,024,000
Due from State Banks, . . . . .	427,000
Specie, . . . . .	15,900,000
	<hr/>
	67,900,000

Showing an amount of specie equal to its circulation, and a surplus of nearly eight millions of dollars.

This was its situation when it ceased to be a national bank. It was from and after this period, that it no longer assumed the responsibility of regulating the national currency. The state banks were now the fiscal agents of Government, and the United States Bank being no longer a national institution, pursued its own course, and obtained, as we think, in an evil hour, a charter from the State of Pennsylvania.

The first and most important error connected with the establishment and progress of the late United States Bank, was, that at the earnest desire of Mr. Crawford, then Secretary of the Trea-

sure, with the laudable object to restore as soon as possible, a sound currency; and to render available the paper then belonging to Government, in the state banks, the United States Bank was induced to commence operations, when only two instalments of its capital had been paid, and accordingly when the third was due, the mother Bank of Philadelphia commenced discounting in *stock* notes. The bank therefore, had not sufficient strength for the duties it had to perform; and besides this fundamental error, it is but justice to the parties concerned in its direction at that time to say, that no institution could have been worse managed than was the late bank at the commencement of its career—while the losses that followed soon after at Baltimore, arising from other causes than mismanagement, created a serious inroad upon the capital of the institution.

Still, notwithstanding its premature commencement of business, upon an insufficient foundation, and the errors of its early administration, it *did* secure the general return to specie payments, and maintained them afterwards. On the 6th December, 1828, the Secretary of the Treasury declares, that “during the four years preceding, the receipts of Government had amounted to more than ninety-seven millions of dollars,” and adds that “it is the preservation of a good currency that can alone impart stability and prosperity, and prevent those fluctuations in its value, hurtful alike to individual and to national wealth. This advantage the bank has secured to the community, by confining its issues of paper within prudent limits,” &c.

And a Committee of the Senate, appointed in March, 1830, upon the subject of a uniform national currency, after closing their report with a recommendation “to abide by the practical good which the country enjoys, and to put nothing to hazard by doubtful experiments,” inform us, “that for the ten years preceding January, 1830, *two hundred and thirty millions of dollars*, had been collected and disbursed for the public service, without the loss or expense of a single dollar to Government.”

With such receipts and disbursements, “how just and wise and beneficent,” would be the operation of a *specie* Sub-Treasury system, and how consoling must be the reflection to the future receivers general of the nation!!!

Now be it remembered that to the opinion of the evil consequences detailed by the Executive, as resulting from excessive

issues on the part of state banks, we subscribe most cordially and sincerely ; and for the plainest of all reasons, that it was to avoid these very evils, which most practical men predicted would flow from the appointment, by our present rulers, of the state banks, as regulators of the currency, that we recommended the establishment of a new national bank, in 1834—knowing as we all did from experience, that the same evils existing after the war, in 1815, were then remedied *only* by the establishment of a national bank, and convinced as we now feel, that nothing but the creation of another similar institution, can remove our present difficulties, and restore the currency of the country.



## CHAPTER VI.

### PLAN OF RELIEF FOR THE STATES.

A Report has been introduced and debated in the Senate of the United States, wherein it is declared that it would be unjust, inexpedient, and unconstitutional, for Congress to assume the debts of the states. We would beg leave to ask in the first place, who has ever advocated or recommended the kind of assumption therein assumed? The Report refers to no better authority than an allusion in some London Banker's Circular, and in consequence, as it would seem, of such recommendation, it is thought proper for the Senate of the United States to consider the above resolution. The author of the Report, however, may rest assured, for we have it from the best authority, that the idea so conveyed in that Circular, was first sent from this country, where the plan for relieving the credit, and lightening the burdens of the states, by the aid and assistance of the credit of the general Government, has for some time been discussed. Indeed the same idea was suggested ten years ago to a member of the Cabinet, by a gentleman of this city. It was certainly out of character, and out of place, for such a suggestion to be found in such a document; but it arose probably from a little harmless vanity, on the part of the authors of the Circular, or was the result, perhaps, of a misplaced ambition to be the first to allude to such a measure, although suggested from this side the water. The Report made to the Senate, however, assumes an imaginary case, takes its own position, establishes its own theory, and then of course, endeavors to overthrow what no one has attempted to set up. But we would beg leave to ask, if it would be considered unjust to *any* state, to divide a portion of Government stock, according to population,

equally among *all* the states? whether it would be deemed inexpedient, not to create an enormous debt, as the report anticipates, but to reduce the aggregate debt of the states, nearly to the same extent that we should create a government stock, the principal and interest of which to be paid out of the proceeds of lands, the common property of all? and whether it would be thought rendering ourselves subservient to foreigners, to substitute a stock of higher value, for about one half of that issued by the states; the effect of which would be to benefit the states themselves directly, by the increased price, in all cases, when the stocks were pledged, but not sold; and to give the foreign purchaser, not a greater amount of money, but a more assured confidence in the security he holds? Would it not be manifesting a proper pride, and a becoming spirit of independence, to say to the holder of a state stock, you have had confidence in us, and now during a period of distress and distrust, we will be just at least, if not liberal to you, while we are true to ourselves? and could it, we would further inquire, be pronounced unconstitutional, to lend to the states, the credit of the Government they have established, for their benefit, after the surplus revenues in the treasury have already been distributed by law, among the several states, on the same principle; and after a bill distributing the proceeds of these very lands had passed both houses of Congress, although prevented by the act of the President from becoming the law of the land? The total amount of state debts is about \$200,000,000, created principally for internal improvements. Under the pressure of the times, resort must no doubt be had, in some instances, either to new loans, or to direct taxes, in order to pay the interest; and these means will be resorted to, and the further prosecution of roads and canals will be generally suspended, but the states, one and all, *in the end*, must and will pay their debts.

Would it not, however, under present circumstances, be an important object to accomplish, if we could prevent the necessity of the states increasing their debt, when it is thought they have already gone too far; or of laying direct taxes on the people during a period of general distress? Would it not rather be desirable to encourage the states in the prosecution of those works of internal improvement, already in progress, than to deprive them both of means and credit?

But the Report asks what interest New-Hampshire can have in

a canal or rail-road in Illinois. The question has of course nothing to do with the justice or expediency of the plan here suggested ; but is this a question for a senator and a statesman to ask ? Does not New-York profit by the growing importance of Ohio, enhanced as it is by her system of internal improvement ? and has Ohio no interest in the Erie canal, and does she derive no advantage from it ? Is not the produce of a portion of her state, brought to market earlier in the season, than if it descended the Mississippi, and does not her flour arrive in better condition, in consequence of the climate, and find a better market at New-York than at New-Orleans ? And can she not purchase on better terms, at the largest mart, and send home, with as little delay, the articles of domestic or foreign produce she may require, in exchange for the productions of her soil ? And will not Illinois and New Hampshire, when thus brought nearer together, be enabled to derive mutual benefits, as well from similar improvements of their own, as from those extended channels of international communication ? What are the general benefits, in a national sense, resulting from the construction of roads and canals ? They diminish the cost of the raw material to the consumer, without lessening the remuneration to the grower ; thereby adding to the comforts of the people, and stimulating to increased production ; and they add to the sum of national wealth, by enabling us to send the produce of our soil, as well as the products of our manufacturing industry, on the cheapest terms, to those markets where they have to sustain, and by which means alone they can successfully contend against foreign competition, and thus, by increasing the resources, they enlarge the capacity of the country, for contributing to the wants of government, and in time of war, by furnishing prompt and efficient means for the transportation of men, arms and provisions, they lessen the expense, diminish the burdens of the people, and add to national security :—while in a political point of view, on what firmer basis can we rest the foundation of assured confidence and hope in the permanency of our republic, than in that general system of internal improvements, which, reconciling the apparently conflicting interests of the different states, by directing them in pursuit of one common object for the interchange of reciprocal benefits, and the establishment of that dependence on each other for the supply of mutual wants, which creates a truly national feeling, shall enable

us to bind together by the adamantine chains of mutual interest, the various states of our extended empire. We have ever thought it was the peculiar province of the general Government to provide for objects so important in their consequences, and so national in their character, and that accordingly a portion of the public revenue should have been annually applied to works thus essentially connected with the general welfare. But constitutional scruples have been allowed to interfere on this subject, and other counsels have prevailed. Can we wonder then when the individual states have been compelled, in self defence, to undertake their own internal improvements, with all the disadvantages that must necessarily attend their separate efforts, compared with what might have been accomplished, if they had been assisted by the general Government, by means of combined skill, increased power, and united efforts, exerted and applied, under some general system, for the common weal—can we wonder that they should have projected too extensively, undertaken unwisely, or conducted extravagantly, many of their important works? But disaster overtakes the finances of the country, industry is no longer productive, and we are without a national currency. In one state, we perceive a complete prostration of the credit of all the banks, the consequent total derangement of the currency, and a vast indebtedness on the part of her citizens. In another, we find the legislature owning and managing, not for the benefit, but to the injury of the state, nearly all its banking capital; and in the exhibition of the affairs of the state bank, a loss is admitted of five millions of dollars by bad debts, when as a remedy for existing evils, the banks are authorized by law, to make a new issue of post notes, in order to get out of the difficulty. In a third state, of limited population and resources, we find so large a debt incurred for works of internal improvement, in progress only, but not one of which is completed, that to stop where they are, would be to lose nearly all the money that has been expended; and we see one of the old states, and perhaps the richest in resources of any in the Union, reduced to the necessity, in order to pay the interest on her debt, of borrowing from a large institution of her own creating, at a time that the legislature are sitting in judgment upon all the banks in the state, for continuing to refuse payment of their notes.

Through how much loss, distress, and suffering, must these states, in common with others still pass, before they can recover

from their present embarrassments, and at the same time pay the interest on their respective debts ! Nor must it be forgotten that the inflation of the currency, caused by the acts of the administration, in stimulating the state banks to inordinate issues, produced no inconsiderable share of the difficulties under which so many of the states now labor. Shall we suffer the disgrace, or incur the risk, of having the credit of any of the states dishonored, whereby discredit would be inflicted on all, when we have the means of preventing it, without sacrifice or inconvenience, and upon principles just and expedient, and as we would fain also hope *not* unconstitutional ? Under such circumstances therefore, and in the present crisis of our affairs, would not the dictates of sound policy, as well as of true patriotism, suggest the propriety of the general Government aiding the states with its credit, at a time it is most wanted, by the issue of a stock, based on the security of the public domain ?

Let the United States issue a 5 per cent. stock for one hundred millions, being one half the aggregate debt of the states, redeemable at pleasure after twenty years, the proceeds of the public lands to be applied to the payment of principal and interest. Commissioners to be appointed to exchange this stock for that of the states, or dispose thereof, and apply the proceeds in the purchase and redemption of state stocks, as follows.

Each state to be entitled to its proportion of United States stock, or to the proceeds, for the redemption of its debt, under the direction of the commissioners, according to its population, or the scale of its representation. New-York, for instance, supposing her to be entitled to one tenth, would have ten millions, to be applied by the commissioners, to the purchase of so much of her debt. If her debt was less than ten millions, she would receive the surplus in United States stock ; if more, the excess beyond the ten millions, would of course remain. Rhode-Island, being out of debt, and supposing her to be entitled to one twentieth, would receive five millions of United States stock. As a mode of relief, this plan would be far better than that of distributing the surplus revenue ; which in its practical operation, instead of rendering a service, rather inflicted an injury. It would be far more prompt and efficacious as a remedy, and as a means of rendering immediate assistance, than the distribution of the proceeds of the lands themselves. It would be aiding the states in a way the

least objectionable, we should think, to them, and the least onerous to the general Government. It would neither administer to extravagance, nor stimulate to wasteful expenditure ; but would sufficiently relieve the burdens of the states, and by extinguishing nearly one half of the aggregate of their debts, would restore their credit, and place their stocks on that footing of undoubted security, which it is so desirable they should possess, and which it would hereafter be their own fault if they did not always maintain. The new states, including those of the South and West, would experience immediate relief, from a portion at least of their present difficulties, and would no longer be retarded in their onward march of progressive advancement ; nor would the measure prove objectionable, we should think, to the Middle States, including our own, while such of the old states as are out of debt, and therefore not in immediate want of money, might not feel indisposed to hold this stock, as they would thus receive, in the best form, a portion of their quota of the proceeds of the public lands ; and at the same time, an important question that has been raised in some quarters, connected with their right and interest in the public domain, would be practically disposed of, and set at rest forever.

## CHAPTER VII.

### STATE AND PROSPECTS OF THE COUNTRY, AND ADVANTAGES AND NECESSITY OF A NATIONAL BANK.

IF the plan for the relief of the states, by means of the credit of the general Government, should find favor with Congress, it will also be instrumental in aiding the restoration of the credit and currency of the country. But neither object can be accomplished, indeed any attempt of the kind would be worse than useless, without the aid of a sound system of banking. We have tried the local banks, with the United States Bank of Pennsylvania at their head, to form a sound and uniform currency, and we have tried in vain. Without concert of action, or unity of purpose, with no general rule of conduct, or uniformity of system, without mutual confidence, or mutual support, chartered for different objects, swayed often by varying, sometimes by opposing interests, guided by different views of policy, influenced occasionally by local feelings, and sectional prejudices, and regulated by the different and changing laws of twenty-four sovereign and independent states, it certainly required no little faith, after the experience we had acquired, to suppose that from such discordant materials, a sound and uniform currency could be created for this Union. If this system was found impracticable, under the patronage and with the aid of Government, what will be the consequence, when having withdrawn from the state banks all countenance and support, the Government shall have taken possession of a large portion of the available specie of the country? Shall we again be subject to the control of a large state institution, like that of

Pennsylvania, or perhaps an equally large and rival one that New-York may be likely to establish ?

For if we imagine that the people are to have no other currency on which to depend, than the specie drafts of the receivers general of the kingdom, we shall presume too much upon human forbearance. A currency such as it may prove to be—changeable in value as it must be—objectionable as it is likely to be, and depreciated as in a short time it will certainly be, the people are sure to have, and the states as certain to tolerate.

Is the currency of the country then to remain in its present state of uncertainty and fluctuation, with every interest pining from inactivity, or suffering from depreciation ; or shall we again look forward to a sound and stable currency, and a uniform standard of value, in the establishment of a national bank, which shall have the advancement of national interests for its object, and public confidence for its support ; with national credit to constitute its pillars of strength, and a specie basis upon which to erect the superstructure of its usefulness ?

Shall we depend, for the accomplishment of so desirable an object, upon the hope of a change of opinion in the councils of the administration, or shall we rely upon the firmness and decision of the representatives of the people, and of the states, now in Congress assembled ?

What is the present situation of the United States ? Two thirds of the banks in the Union have suspended specie payments, and the legislatures in three of the states hitherto considered favorable to the views of the administration as regards a specie Sub-Treasury system, have by their acts, legalized the suspension of their banks. Many of our largest manufacturing establishments have closed their doors. It is estimated that nearly one fourth of the population of the Eastern States is out of employ, and a large portion of the Middle States is in the same situation. Mississippi and Alabama owe more than, under present circumstances, they are worth, or (without a change of system) than they will even be able, hereafter, to pay ; while the prosecution of works of internal improvement is very generally suspended throughout the Union. Real estate confers on its owner no value that can be realized. The owner of houses and stores finds his rents reduced one third or his premises vacant. The owner of stock has a security, hitherto considered among the most availa-



ble, now little to be relied on ; for besides the long list of banks in Mississippi alone, whose stock is considered nearly valueless, the interest on some of our state stocks is not in *all cases* paid with punctuality. Our cotton fabrics, such as are made not for exportation, but for home use, have declined nearly 50 per cent. in value from their highest price ; but above all, the labor of the country, that which confers a value on all productions, in the absence of that demand which confidence and the employment of capital invariably create, goes unrequited ; and the productive industry of the country, no longer finding its former employment, languishes without reward. And what measures of relief are proposed by the administration ? None for the country. Nothing is recommended to the representatives of the people, with a view to improve our currency, restore confidence, or protect the general interests—nothing is asked for but a Sub-Treasury system, in order that the public revenues may be collected in gold and silver. And what would be the consequences of such a system ? Its inevitable tendency would be to annihilate confidence, destroy credit, and paralyze industry. The hoarded treasures that are to glitter in the coffers of the sub-treasurers, would no longer form the basis of a currency hitherto in use, and under which, notwithstanding its continual errors and occasional evils, the country has attained, with unprecedented rapidity, so unexampled a degree of prosperity. But could revenue be raised when a credit system shall no longer exist—when cheap labor is to be the lot of the poor man—when the means of the great mass of the people shall be so reduced as to leave them no surplus wherewith to buy foreign productions and manufactures—and when wealth, centered in the hands of a few, shall be enabled to dictate its own terms of purchase, and establish its own measure of value ? And our rulers, who first destroyed the foundations of our credit system, and erected in their place a spurious system of their own, now wish to destroy all credit, because it is occasionally abused ; they wish also to destroy banks, although their own measures first induced the local banks to become imprudent, and then cause them to be insolvent ; and they ask for an independent treasury, by means of which to collect in gold and silver, taxes levied on the *cheap labor* of an intelligent people, and then leaving the general currency of the country without system, regulation, or control, they allow the people to seek their own fortunes, and abide their fate.

Would such a system be tolerated, or could it last ? Unless a change shall take place in the standard of value in England which being the greatest commercial and manufacturing country, must exercise an influence on the currency of every other country that trades with her, or unless some effectual remedial measures shall be adopted by Congress, the banks of this Union are likely never again to resume specie payments ; or if they do, in consequence of a favorable change in the commerce and finances of Europe, with the elements of confusion and disorder now existing, they are sure hereafter to fall into the same errors, and by pursuing almost of necessity, a similar course as heretofore, are certain to bring about the same result.

But is it not strange that the administration should be so desirous to incur the inconveniences (to themselves) of collecting specie, when during the whole thirty-eight years that a national bank acted as the fiscal agent of the treasury, the vast amount of public revenue during the whole period was collected without loss, and distributed without expense or inconvenience to Government ? Was not, and is not, then, this specie Sub-Treasury system designed to lay the foundations, broad and deep, of a vast national bank of credit and issue, in the worst shape, and of the worst character ? But no matter what may have been the design, or what may be the present intention of its abettors, such must, in the end, be the inevitable result, if allowed to go into operation.

The utter impracticability of collecting the revenues in specie is so apparent, to every practical man, that the idea of such a thing, as a permanent system, in such a country as ours, is too absurd to be entertained. Changes absolutely necessary will accordingly be suggested and introduced at once, and the system of checks and drafts and certificates will commence ; gradual amendments will then be engrafted on the law, giving increased latitude to the powers of government over the currency, and after the restrictive course that preceded, the system will begin to find favour. Treasury notes issued and re-issued will form the basis of the currency, and receivers' certificates will constitute the medium of domestic exchange ; while the state banks, using both, as the foundation of their issues, will soon follow in the footsteps of their " illustrious predecessors." Politicians formerly in opposition to the measure, will be perhaps too much employed in watching the chances that may arise to favor their political elevation, to think it necessary

to oppose a plan that promises to be popular ; and the people will be too much occupied with their own affairs to trouble themselves about the consequences of a system which works well for the time ; while the administration, rejoicing in their success, will no doubt graciously say that their opinion of the Sub-Treasury system, which was only a change from a different opinion previously entertained, has again changed before the light of experience ; that the specie plan having proved too Spartan for the people, they have altered and improved it for their use and benefit ; and that although state banks are not the fiscal agents of the government, still they recognize them as popular and efficient aids in managing the currency now under their own direction. And when under the patronage of a national bank of credit, with power to issue treasury notes or receivers' certificates on a deposit of state stocks, the whole, directed by party influence and management, an inflated currency, worse than any we have hitherto been required to endure and suffer, shall again have produced its inevitable results, the projectors of the specie system may find time to pause for a moment in their wild career ; not to mourn over the consequences, but merely to mark the end and issue of the specie humbug. Nor let this be considered as a picture of the imagination. It did not require the spirit of prophecy in 1834 to predict that our currency was doomed, through the conduct of both parties, to pass through the sad ordeal we have since endured ; and the present session unfortunately resembles that of 1834 but too closely in one respect. Congress have now been in session five months, and thus far, at least, neither party has proposed any measure for the relief of the country.

So critical do we consider our present situation as regards the currency, and so important do we regard present action, with a view to future benefits as well as to avoid worse consequences, that unless Congress shall take up the subject of a national bank before it adjourns, we fear we may bid a long farewell to every hope for the safe and effectual re-establishment of our currency.

The question for the country now to decide is, whether we shall go on with any farther experiments of any kind, or whether we shall endeavor to retrace our steps, and adopt the only efficient means to correct our errors, and extricate ourselves from our present difficulties.

In 1816, nearly a quarter of a century since, when the debt of

- the United States was above 150 millions of dollars, and our population but little over one half of its present amount, with the issues of the state banks at a great depreciation, and the whole currency inordinately inflated; the United States Bank, established at that time, notwithstanding its weakness when it commenced operations, and the errors of its early course, did cause a general return to specie payments; and notwithstanding a severe trial, maintained them ever after.

The currency, at present at least, in the greater portion of the Union, is not inflated; for, having passed through the trial attending the transition from a superabundant currency to one restricted to the wants of a community doing no business, and using no credit, a national bank, instead of causing curtailment, would, on the contrary, substitute its own credit and circulation whenever the demand called for its aid. It would not advance the prices of our exports, for their value depends upon the demand in foreign markets; but by giving, not an artificial, but a real value to property of all kinds, it would resuscitate credit, reanimate industry, and restore confidence.

If the Bank of England found it necessary to adopt on a sudden, violent and restrictive measures, in order to force back gold from us as in 1837—or if in consequence of an export of gold to pay for grain as in 1839, she should think it important to her safety to keep down, by the exercise of her power, the price of a raw material essential to her manufacturing interests, our commerce must suffer from the reduced price paid for our staple article of production, and if this policy should prove to have been short-sighted and injurious in its effects upon her own industry and essential interests, we still cannot avoid the effects on the prices of such of our products as she requires for her consumption. But we may, by means of a national bank of our own, become more independent of the acts that may suit her views and policy, nor need we permit the reaction to be felt too extensively or too severely on our interests at home. By the natural operations of a national bank, regulating by a simple process our foreign exchanges, we should be enabled to anticipate the effects of any violent or restrictive measure, which the Bank of England might think proper to adopt, and by these means have it in our power to counteract her proceedings in cases where their tendency might be unfavorable, or their effects injurious to our commercial and financial interests.

In February, 1826, it was asserted in the House of Commons by one of its best informed members, that the country was within a few hours of barter. The Bank of England having been saved from suspension only by the issue of a reserve of bank notes casually discovered. Yet did the Bank of the United States at that time, not only not suspend, but effectually aided in restoring confidence during the losses and trials of that period. We are informed by equally high authority, that last year again, nothing but the foreign loan saved the Bank of England from suspension. Now if during this last crisis, the banks in New-York succeeded in maintaining specie payments, we think the inference is conclusive, that if we had fortunately possessed a national bank, it would not only have maintained specie payments itself, but have preserved the currency of the country.

We want a national bank to restore the standard of value and improve the currency, in those states where it has become debased. That if hereafter they should permit it again to be depreciated below the specie standard, it must be their fault and not their misfortune.

We want an institution that shall be able to equalize domestic exchange, ready at all times to be both a purchaser and seller of bills on the distant cities of the Union, and ready also not only to supply an extraordinary demand for foreign exchange, but to be a buyer also during periods of depression. We want a bank that shall furnish a medium of circulation of uniform value throughout the Union, to exercise a wholesome control over the issues of state banks, and thus confine them within proper bounds, and their legitimate sphere of action, and to collect, and disburse the public revenues, without inconvenience to the treasury department, disturbance to the general interests of the country, or loss to the nation.

In the words of Mr. Telfair of Georgia, in 1816, "This Institution is designed, not merely to fulfil the ordinary purposes of banks of discount; it aspires to great national objects, it contemplates a restoration of the legitimate currency of the country. Its end is to give an uniform and valuable medium in the whole empire. Its design is to facilitate the fiscal operations of the treasury department. It is in one word to restore to this government its rightful and constitutional control over the national medium which is vested in every civilized government, and which

was intended to be vested in the Congress of the United States, when to it was assigned the supervisorship of the mint establishment. These are the primary, and essential objects of its creation."

Nor are these objects difficult of attainment by means of a well regulated national bank, nor does it require extraordinary talents or great financial abilities, to conduct with facility and advantage the affairs of such an institution. Practical information, with impartiality and integrity of purpose, are the essential requisites in conducting a machine that has been found so well adapted to the ends for which it was designed, and to which it has heretofore been applied, that care and attention only, are necessary to continue it in successful operation. "The administration of a bank is regulated by a few simple and fixed maxims, the application of which is not difficult to any man of judgment, especially if instructed in the principles of trade."

We require also, as essentially connected with the finances of the country, a revision and adjustment of the tariff. We want a warehousing system, that any article of merchandise may be bonded, and afterwards, at the option of the owner, either entered for importation, or exported free of duty. Instead of allowing such articles of necessity as tea and coffee to be imported free of duty, which, as was predicted, causes no diminution of price to the consumer, a specific, equal to an ad valorem duty of 20 per cent. would add to the revenue, what is now paid as a bounty to the foreign grower—while French silks, completely articles of luxury, are admitted without duty, from a country, our imports from whence, consisting principally of gewgaws and frippery, are obtained at an annual loss on the balance of trade, or an actual outlay of nearly ten millions of dollars. A duty of from twenty to thirty per cent. judiciously levied, would be sufficient, perhaps, in all cases, to protect our own manufactures, and raise sufficient revenue in time of peace, without increasing in any perceptible, certainly in no injurious degree, the price of any article of necessity to the consumer.

We want also the credit of Government to the extent of 100 millions of United States stock, to relieve at once, the difficulties of the states, and form the ground work for the restoration of general confidence, as well as constitute a portion of the capital of the national bank.

We need not dwell on the auspicious change in the aspect of the affairs of our country, which these measures would immediately introduce.

We would take, not as a model for the new bank, but as the ground work of the plan, the charter of the late bank, and engraft upon it, a few amendments of an important character. In order that it may not be charged with discounting too much, and striving to over issue in order to make money for its stockholders, regardless of the public interest, its dividends should be limited to six per cent. and supposing its capital to be 50 millions, its line of discounts should vibrate between 75 and 100 millions. Its surplus earnings to remain as a reserved fund, until they attained an amount as regulated by the charter, when half the accumulation should be at the disposal of Congress. A portion of this surplus would continually be required in equalizing exchanges, furnishing specie, where general interests should require its use, and providing for the disbursement of the public monies. The states to be interested in its stock, and the general government to have, if not the same interest, at least the same control as formerly in the appointment of a portion of the direction. Monthly statements of the situation of the mother bank and all its branches, with details sufficiently comprehensive, should be published for the information of the public, in order that there may be no mystery in its management, or concealment in its affairs, and the charter should be subject to amendment, alteration or repeal by Congress. The bank would then stand on its own merits. The objections entertained by many to granting a monopoly, for a number of years, would be removed ; Congress would hold a rod over the directors, the bank would always be on its good behaviour, and the surest guarantee would thus be given to the stockholders, and the strongest security to the public, that the efforts of its managers would be directed to protect the interests of the bank, and secure the welfare of the Union.

But the present Executive doubts the constitutionality of a national bank. So did Mr. Jefferson when the first bank was established. He thought the act of incorporation would be against the laws of alienage—descents—escheat—distribution—and monopoly. It is true he was answered at the time, that the laws of alienage cannot apply to an artificial person, because it can have no country—nor those of descent and escheat, because it

can have no heirs. Nor those of forfeiture, because, although it may lose its charter, it cannot commit a crime, nor those of distribution, because, though it may be dissolved, it cannot die—nor those of monopoly, because there is no prohibition against the states. Still when the question of the renewal of the old bank was agitated towards the close of his administration, notwithstanding he at first thought it was opposed to the fundamental laws of the states, Mr. Jefferson was quite willing it should be renewed, provided, for the sake of consistency, no agency of his should be required. Mr. Madison, then in Congress, was also opposed on constitutional grounds to the charter of the first bank—but in January, 1815, when he returned the bill for establishing a bank at that time, on the ground of inexpediency, he waived the question of the constitutional authority of the Legislature to establish an incorporated bank, as being precluded in his judgment, by repeated recognition under varied circumstances of the validity of such an institution, in acts of the Legislative, Executive, and Judicial branches of the government, accompanied by indications, in different modes, of a concurrence of the general will of the nation. When the present Senator from South Carolina, introduced into the House of Representatives in 1816, the bill for the charter of the late bank, he remarked, “that he did not propose to comprehend in the discussion the power of Congress to grant bank charters, it would be a useless waste of time. The constitutional question had been already so fully and frequently discussed, that all had made up their minds on it.”

Can we indeed avoid adopting the opinion of Mr. Dallas, who said, “when therefore we have marked the existence of a national bank for a period of twenty years, with all the sanctions of the Legislative, Executive and Judicial authorities : when we have seen the dissolution of one institution, and heard a loud and continued call for the establishment of another, when under these circumstances, neither Congress, nor the several states have resorted to the power of amendment, can it be deemed a violation of the right of private opinion to consider the establishment of a national bank as a question for ever settled and at rest ?”



## CHAPTER VIII.

### CONCLUSION.

We would beg leave to inquire of the party now in power, if they are not convinced that a Sub-Treasury system, on its proposed specie basis, cannot possibly be carried into effect in the United States, at least as a permanent measure? But should the bill become a law, and should subsequent alterations make it a really national bank of *credit*, will the administration be willing to run the risk, as far as party interests are concerned: or would they be willing, as far as the future welfare of the country is at stake, to give such power to their opponents, who, if they attain office, will owe their elevation solely to the errors of their predecessors on this subject. Are their antipathies so violent, their prejudices so deep rooted, or their commitments of opinion so great, that they will make no effort to retrace their steps, or change their sentiments?

Will they not in this respect rather emulate the manliness and candor of the Senator from Kentucky, who, when addressing his constituents in relation to his vote in favor of chartering the late bank in 1816, although he had been opposed to the renewal of the first bank, said, "had he then foreseen what now exists, and no objections had lain against the renewal of the charter, other than those derived from the Constitution, he should have voted for the renewal," adding that "he preferred to the suggestions of the pride of consistency, the evident interests of the community, and he accordingly threw himself on their candor and justice." And will the party in power make no sacrifice of opinion on the altar of public good? Have they no desire to requite the

favor of the people who placed them in office—no wish to restore the former prosperity of the country ? Or do they wish, by their own policy, to place the Bank of Pennsylvania at the head of the credit system of the United States ? And do they feel assured that the strong current of popular prejudice against the old Bank of the United States, which they have hitherto turned in their own favor, may not have spent its force, or that public opinion has not begun to take another direction ?

But should party spirit turn a deaf ear, or reply with a smile of incredulity to any appeal to their patriotism, which may not accord with their ideas of security, or to their interests, which they may suppose they understand best themselves ; we would then turn to the moderate, the independent and the patriotic men of both parties, and entreat of them to consider the present state and prospects of the country, and ask of them, what can be the final issue of our present condition ? Has not the country already suffered enough from the errors and obstinacy of both parties, in making a national bank a foot-ball, and stalking-horse for party purposes ? It is understood, or rather believed to be the policy of the opposition to permit the Sub-Treasury bill to pass, if it should be pressed by the administration. The Treasury Note bill was required for the public service, and the prolonged nature of the opposition to it in the lower house, might be considered unnecessary by many, if not factious by some ; while the objectionable feature in the law, the power of re-issue—was retained. If therefore the passage of a bill actually required for the service of Government, was prevented by the party in opposition for more than a month, how much more patriotic would it be to oppose—how much more probable the chance of success, in attempting to prevent the passing of a law, fraught with endless mischief to the best interests of the country ?

Believing at the same time, as we do, that there are independent men enough of the administration party who would gladly avail themselves of any fair occasion, if their opponents would only give them the opportunity, for avoiding and postponing the final question.

But will the independent men of either party permit the existence of a bank founded upon the credit and revenues of Government, or would they trust the management, or confide the power of such a MONSTER into the hands of any party ? For it may

be asked emphatically, "what government ever uniformly consulted its true interests, in opposition to the temptations of momentary exigencies? What nation was ever blessed with a constant succession of upright and wise administrators? Unless Congress shall enter upon the consideration of the subject during the present session, the country must necessarily remain as it is for nearly two years to come; for, if the opposition candidate for President should be elected, it is hardly possible that a special session would be called. But what would be the chance, in the first instance, that a national bank would be proposed—what the expectation in the next, that the new administration would have a majority at all in the Senate, or a majority numerous and powerful enough in the lower house, to carry the measure? It must be brought forward, if proposed at all, by those whose determined perseverance in favor of renewing the charter of the old bank, added to the course pursued by the bank itself, have so weakened the affection, and alienated the attachment of many independent men, as well as warm supporters of a national bank, that it may be difficult to obtain the passage of a bill unless of a peculiar character, even with all the patronage, and well-directed exertions of the new administration. But may not rival interests, sectional feelings, and local prejudices, with all the hopes and expectations that a new era may inspire, enlist their partizans who may be opposed to a *really* national bank, and succeed either in defeating a proper and useful bill, or securing the adoption of an injudicious and injurious measure?

But if it should be thought that the crisis is not sufficiently alarming to require the effort, or if it appear that party discipline is too strong, and the lines of separation too distinctly marked to render possible the united actions of men willing and determined to think and act for themselves, when their country's interests call for the exercise of this independence of spirit; we have then only to turn to those who we believe agree with us in thinking that the acts of the administration on the subject of the currency, as well those of omission as of commission, are at war with every principle of common sense, and opposed to the permanent well-being of every interest in the nation; and that their measures can only tend inevitably to paralyze the arm of industry, injure the morals of the community, and sap the foundations of our country's prosperity.

We would, therefore, respectfully, but earnestly entreat of those who rank among the leaders in opposition to those measures, and to this administration, not to content themselves with their hopes of success as politicians, founded upon the consequences that are likely to attend and follow the errors and misrule of their opponents; but we ask of them, in the name of our common country, in behalf of their own character and reputation as statesmen and patriots, to come forward, boldly and manfully, in the recommendation of measures calculated to relieve the distress of the people, uphold the credit of the States, and restore the currency of the country.

If they are foiled in their endeavors by the efforts of the party in power, the people will understand the causes of their failure, and appreciate the sincerity of their motives; but whether successful or not, the question at issue will be distinctly stated, their cause will appear in its true light, and be fairly submitted to the consideration of the nation, and they will then be enabled to prove to an intelligent people, that the cause of their country was dearer to them than the interests of their party.

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